





## NEWS: INTERNATIONAL

## Tight economic policies needed to stop waste

## West ponders how to aid Russia

By Leyla Boulton in Moscow

AS President Boris Yeltsin's political troubles help focus western minds on the need to accelerate assistance for his economic reforms, the question of how to deliver help becomes more urgent than ever.

One reason why the west has not produced large-scale finance for Russian economic reform is because of doubts that it would achieve its purpose. The banking and distribution systems are extremely primitive, capital flight and corruption are big problems, and the bureaucracy is slow and inept.

Even Mr Boris Yeforov, the deputy prime minister for eco-

nomics and finance who arrives in Hong Kong today for talks with the Group of Seven industrialised countries, agrees that stopping aid from being wasted is the biggest headache. Without tight economic policies, all would be lost.

The stakes are high. If the aid does not reach its targets, the risk of a political backlash against reform in Russia is heightened. If aid is not controlled, it might just provide a financial cushion to delay reform.

There is also pressure for aid to go beyond new loans. Much of the \$24bn (£17bn) package promised by the west last year was limited to loans guaranteed by western governments

for imports of western goods and equipment. A new emphasis would target western cash at projects to show concrete benefits and even help Russia generate hard currency.

The World Bank would lead such efforts, which include, for example, a plan to finance equipment to cap gas flares in Russia's oil industry.

This thinking is even being applied to the International Monetary Fund, last year charged with administering western financial assistance to Russia in return for reforms which never materialised.

Diplomats say the G7 is now considering the creation of a special fund, to be run by the IMF, to finance specific pro-

grammes. One - approved by the Russian premier, Mr Viktor Chernomyrdin - would organise five model bankruptcies in key sectors. This would send a warning to enterprises squandering state support and instruct officials and judges on how to implement Russia's first bankruptcy law in 70 years.

Another idea is for the IMF to take on the burden of subsidies at present provided by Moscow to the former Soviet republics through the issue of credits from the Russian Central Bank. Mr Yeforov says that last year Russia spent the equivalent of \$18bn subsidising the former republics.

Technical assistance might

also draw more on examples which have worked well so far. One model is the work of the International Finance Corporation, the World Bank's private sector development arm, which is working in the provinces to help local authorities privatise shops, big enterprises, and even land.

Mr Mikhail Gurtovoi, who last year headed a government commission to fight corruption until it was disbanded, suggests that plants equipped with western machinery but not completed under inefficient state management should simply be given to western companies. Completed and run by westerners, they would provide models of efficiency and jobs.

By Ivo Dawany, Political Correspondent

A FLURRY of nervous behind-the-scenes diplomatic activity was under way last night as Mr Boris Yeforov, a Russian deputy prime minister, flew to Hong Kong for an unprecedented meeting with officials of the Group of Seven leading industrial nations.

In spite of broad public declarations of support for President Boris Yeltsin in recent days, the G7 nations have stopped short of offering unconditional backing for him.

Instead, a senior British diplomat said in London that the G7 would only draw conclusions at the end of the two-day Hong Kong meeting, when it

was hoped political developments in Moscow had become clearer. "It is an extremely serious situation," he said.

The G7 meeting was due to look at ways the industrial powers can maintain the reform process in Russia, including the question of further economic aid. But as the showdown between Mr Yeltsin and the Congress of People's Deputies has come to a climax, the agenda is certain to have taken on a more overtly political tone.

Both France and Germany have indicated that they favour an emergency G7 heads of government meeting, to be convened before the scheduled Tokyo summit in July. However, with the balance of power

between Mr Yeltsin and the Congress still uncertain, the US and the UK remain cautious.

A more likely outcome will be a meeting of G7 finance and, possibly, foreign ministers to assess the outlook. That could be convened at short notice in order for its work to be completed before Mr Yeltsin's scheduled meeting with President Bill Clinton in Vancouver on April 3-4.

Despite a call from Mr Pierre Berégovoy, the French premier, on Thursday for more US and Japanese financial aid for Russia, many diplomats believe that economic support will have little bearing on what is now essentially a political power struggle.

## German leaders struggle towards solidarity pact

By Quentin Peel in Bonn

AS SPRING sunshine broke through the winter gloom of Bonn yesterday, the entire German political establishment was locked away behind the closed doors of the chancellor's office, searching for signs of daylight in the fine detail of their "solidarity pact" for east Germany.

Chancellor Helmut Kohl, with a string of top government ministers, the leaders of all the main parliamentary parties, the 16 prime ministers of the federal states, and their finance ministers and advisers, agreed to carry on negotiating in working groups all evening, and meet again today, in an attempt to forge the political consensus they have been seeking since last September.

A formula has to be found to finance a spending gap of DM110bn (£46.5bn) in 1995 to pour more money into the collapsed eastern economy.

The signs last night were that there was clear movement towards a political compromise, although the final figures - at least on the burden shar-

ing - may take a little longer to agree. The opposition Social Democrats, led by Mr Björn Engholm, prime minister of Schleswig-Holstein, have won the first key battle to block any big cuts in social spending.

Instead, they have agreed on a campaign to clamp down on unemployment and social security swindles, and to identify further savings of more than DM3bn in other parts of the budget.

The other main move was a concession to the new states of east Germany for the government to shoulder a share of their DM51bn housing debt, thus freeing the way for faster privatisation of the dilapidated state-owned housing stock.

What remains are the toughest nuts of all to crack:

• When and by how much to raise taxes under a new "solidarity surcharge": Mr Kohl is adamant it must not come before 1995, and the SPD looking for a tax rise this July.

• How to split up the whole burden between the budgets of the federal government and the 16 Länder, and share the pain between the rich states and the poor.

## NEWS IN BRIEF

## DM15bn clean-up for east Germany

THE German government yesterday unveiled a DM15bn (£6.3bn) clean-up budget, aimed in part to attract foreign investors, for one of eastern Germany's most polluted regions, writes Judy Dempsey in Berlin.

The federal government, through the Treuhandanstalt, the agency responsible for the privatisation of the eastern German economy, will provide up to DM15bn over the next five years.

"Germany has to carry the environmental burden, not the investor," the Treuhandanstalt said yesterday, but the technical details about raising the money had yet to be decided.

In principle, the federal government has agreed to provide 75 per cent of the costs, while the state which is home to the pollution must meet the remaining quarter.

## Call for EC TV strategy

The European Community should develop a co-ordinated approach to advanced television technology, based on wide-screen broadcasts and a "family" of digital television transmission standards, the European Commission said yesterday, reports Andrew Hill from Brussels.

But industry analysts warned yesterday that the Community risked repeating the errors of its original ill-fated HDTV strategy. Based on a family of analogue standards, this was criticised for being driven by technology rather than consumer needs.

## Chinese vice-president dies

General Wang Zhen, a hardline member of the Chinese leadership, died yesterday, on the eve of the National People's Congress, or parliament, which is expected to urge speedier economic liberalisation and further entrench reformists in power, Tony Walker writes from Beijing.

Gen Wang, 84 and a veteran of the Communists' "Long March", was vice president, a largely ceremonial role. However, he remained active behind the scenes, and until quite recently was opposing what he considered hasty liberalisation.

## Argentina leads Gatt appeal

Nearly 40 rich and poor countries led by Argentina have appealed to the US, the EC and Japan to "display leadership" in returning swiftly to the negotiating table in Geneva to complete the long-stalled global trade talks, Frances Williams reports from Geneva.

The letter, sent by President Carlos Menem of Argentina to the leaders of the three big traders on Thursday, urges the US administration to request only a short renewal of its negotiating mandate from Congress.

## Japan-Brazil accord signed

An accord was signed yesterday for Japan's first financing of environmental projects in Brazil, for a total of \$940m, through its Overseas Economic Co-operation Fund, Christina Lamb reports from Rio de Janeiro.

The money is destined for a co-financing project with the Interamerican Development Bank for cleaning up the Rio bay, as well as the depollution of the Tiete river, which runs through São Paulo, and the construction of a recycling unit in São Paulo.

## French attack shellfish

French fishermen yesterday renewed up their protests against rising fish imports by ransacking two refrigerated depots in the port of Saint-Brieuc. The fishermen emptied crates of South African and Australian shellfish on the floor leaving the contents to rot, Alice Rawsthorn writes from Paris.

Meanwhile a number of French fishing vessels from Bayonne were damaged when they blockaded a Spanish patrol boat in French waters. The French authorities agreed to pay compensation to the owners of the damaged boats.



Former President Valéry Giscard d'Estaing (left) and environmentalist leader Brice Lalonde appear as monkeys in a clothing company advertisement in Paris. Giscard's rightists are doing well in the polls, ecologists less so.

## Tough times on catwalk leave designers struggling

By Alice Rawsthorn

THE LATEST Paris ready-to-wear fashion collections kicked off in the Louvre yesterday against a drab economic backdrop and a row among the leading designers which threatens to split the French fashion industry.

The Paris designers, which flourished in the buoyant 1980s, are now struggling in more competitive conditions.

Sales of French designer fashions

have fallen sharply since the peak of FFrs5bn (£627m) in 1990 to just FFrs4.3bn last year, according to the Chambre Syndicale, which represents the industry.

This season the Paris fashion houses are hoping for an improvement in US demand, but expect further problems with Japan.

They also face the handicap of the strong French franc, which makes it more difficult for them to compete against the Milan and New York designers.

Yves Saint Laurent, one of the leading Paris houses, was forced this year to sell out to Elf-Sanofi, the state-controlled French pharmaceuticals group. Others, including Givenchy and Jean-Louis Scherrer, have shed staff. Philippe Venet, an old established couture business, last month fired its entire workforce.

This week's ready-to-wear collections have a subdued air. Yohji Yamamoto and Comme des Garçons, the Japanese designers, are staging

small shows instead of their usual lavish events in the Louvre. Jean-Paul Gaultier, the French designer known for his theatrical collections, is holding a small show in his shop, Martin Margiela, leader of the younger avant garde, is not showing at all.

Meanwhile the whole industry has been flung into chaos by a row between Mr Pierre Bergé, YSL's chairman, and the Chambre Syndicale. YSL last month broke away from the Chambre Syndicale,

which organises the Paris shows, after Mr Bergé was ousted as head of the ready-to-wear section.

Mr Bergé is now trying to persuade other designers to join YSL in staging their own shows under a new organisation.

If he succeeds, retail buyers and journalists would have to choose between two separate sets of fashion shows possibly held on different dates, thereby weakening Paris' position as the centre of international fashion.

## Resignation of Bank deputy puts pressure on currency

## Lisbon intervenes to defend escudo

By Peter Wise in Lisbon

THE BANK of Portugal intervened heavily to defend the escudo yesterday after Mr Antonio Borges, its deputy governor, resigned in a rift with the government over monetary policy.

The escudo fell to a record low of DM94 before central bank buying pushed the currency back up to about DM92.75. The stock market also reacted to the uncertainties raised by Mr Borges' resignation with the Bolsa de Valores de Lisboa index falling 1.15 per cent on the day.

Mr Jose Fonseca Gonçalves, an analyst with Totta Dealer, said: "Mr Borges was someone

they could depend on for a firm policy line. No nobody is sure what to expect."

Mr Borges resigned on Thursday night in reaction to a speech by Mr Jorge Braga de Macedo, finance minister, in which he criticised the central bank for failing to heed the needs of the real economy and lower interest rates.

Rumours were rife in financial markets yesterday that Mr Miguel Beza, governor of the Bank of Portugal, might also resign unless he could secure a guarantee from Mr Anibal Cavaco Silva, prime minister, that the central bank would have full freedom to conduct exchange rate and monetary policy as it saw fit.

The divide between the government and the central bank on interest rates has been growing for several weeks. Mr Borges, responsible for exchange rate control, believes that the escudo should be kept strong and interest rates should only be allowed to fall as inflation comes down.

He has warned that this would mean heavy casualties, particularly among small and medium-sized companies that make up the bulk of Portuguese industry. But, he argued, it was a necessary step to make the economy more competitive and ensure the transfer of resources to efficient firms.

Mr Braga de Macedo, under

pressure from export companies caught between the high cost of money and the strength of the escudo, favours a more rapid descent of interest rates. Interest rates have been falling steadily in Portugal as inflation came down from 11.4 per cent in 1991 to 8.9 per cent in 1992.

But there remains a wide difference between prime rates offered to the best companies and the much higher rates available to small companies. The central bank has been regularly drawing from massive foreign exchange reserves to defend the escudo. But it took the unusual step yesterday of publicly acknowledging heavy intervention.

## Italy's export credit chief held

By Robert Graham in Rome and Haig Simonian in Milan

THE Italian treasury has assured Sace, the country's state-run export credit guarantee agency, that it will continue to operate normally despite the arrest of Mr Roberto Ruberti, its chief executive, on charges of corruption.

Mr Ruberti was arrested on Thursday and five other key figures connected with Sace activities were under investigation. These included Mr Vincenzo Martini, the deputy chairman, Mr Giuseppe Mazza, director general of the Commerce Ministry

and head of Sace's management committee, and Mr Roberto Bonfigli, an indemnities department executive.

According to Rome magistrates, Mr Ruberti is alleged to have received payment in return for providing insurance cover for overseas Italian contracting operations.

Separately in Milan, police arrested Mr Pompeo Locatelli, the well-known financial consultant who played a decisive role advising the Eni state energy and chemicals group over the Enimont chemicals joint venture with Montedison.

He is accused of accepting stolen funds and illegal financing of political parties. His arrest follows testimony by Mr Pier Francesco Pacini Battaglia, a Geneva-based Italian banker.

The allegations are said to relate to Liban in illegal financing for the Socialist party, made in conjunction with Mr Silvano Larini, the playboy Socialist architect who gave himself up last month.

## Serb shelling kills women blockading UK troops

SHELLING by Serbs killed and wounded a number of women and young children blockading British soldiers in a Moslem village in east Bosnia yesterday, Reuters reports from Sarajevo.

Major Martin Waters, at the headquarters of the British UN battalion in Vitez, central Bosnia, said two doctors

were performing operations on the victims without the use of anaesthetic. "There are quite a few dead, and six children under five were seriously injured, two with their legs blown off."

Five British soldiers are being held hostage in the besieged village of Konjevic Polje by Moslems demanding a ceasefire, the stationing of UN moni-

tors in the region and humanitarian aid.

The soldiers, in two armoured cars, were escorting a UN medical convoy to Konjevic Polje on Thursday when they were surrounded by Moslems demanding their wounded be evacuated.

After spending the night in the village the five soldiers continued talks

with a group of villagers, most of them old people, women and children.

The British soldiers were joined by a third armoured car yesterday. Artillery from surrounding mountains opened up and shells hit the crowd.

"The fire was very well-aimed, they obviously had an observation post in the mountains," Major Waters said.

## Mediators fail to sway Milosevic



Owen: confident

By Robert Mautner in Paris

BOSNIA peace mediators Mr Cyrus Vance and Lord Owen last night left a meeting in Paris with Mr Slobodan Milosevic, the Serbian president, with no more than vague assurances that he will use his influence to back their peace plan.

After a meeting hosted by President François Mitterrand of France, followed by a dinner at the French Foreign Ministry, Lord Owen and Mr Vance expressed their habitual public optimism that the peace talks in New York were about to enter a more positive phase. It had been a good meeting and "some progress" was made, they said.

However, apart from extracting a promise from Mr Milosevic that he would do his best to persuade the Bosnian Serb leader, Mr Radovan Karadzic, to attend the peace talks in New York next week, the mediators do not appear to have won any concrete commitments from the Serbian president. Indeed, Mr Milosevic had stressed after the first meeting with the mediators and Mr Mitterrand that he had no direct part to play in the peace negotiations. It was up to the warring parties alone to work out an agreement on the controversial map dividing Bosnia into 10 provinces.

Mr Milosevic's attempt to stand aside from the peace negotiations was not at all to

the taste of the mediators, who had engineered the Paris meeting with the express objective of persuading Mr Milosevic to put pressure on Mr Karadzic. They hoped that, with the help of Mr Mitterrand's persuasive talents, Mr Milosevic would repeat his Geneva performance of last January, when he pushed the Bosnian Serb leader into accepting the mediators' constitutional proposals for the new state of Bosnia-Herzegovina.

Mr Mitterrand brandished both the carrot and the stick in his approach to the Serbian president. Though he gave a magisterial outline of Serbia's historical role in Europe, this was offset by his clear warning that, whatever the rights and

wrongs of the situation in Bosnia, the international community was determined to take action against Belgrade (in the form of tighter sanctions) if the Serbs did nothing to help end the conflict in Bosnia.

Mr Vance and Lord Owen have returned to New York breathing confidence that their negotiations will resume next week, but on past experience, they cannot be sure that either Mr Karadzic or Mr Alija Izetbegovic, the Moslem Bosnian president, will turn up.

However, even if both attend the talks in New York, unless Mr Milosevic is prepared to play the ace that he undoubtedly holds, the prospects for the peace talks must still be gloomy.

The Financial Times (Europe) Ltd  
Published by The Financial Times  
Group, 100 Brook Street, London W1A 1AA.  
Telephone 01-638 1234. Fax 01-638 1235.  
Registered office: 100 Brook Street, London W1A 1AA.  
Registered office: 100 Brook Street, London W1A 1AA.

Registered office: 100 Brook Street, London W1A 1AA.  
Registered office: 100 Brook Street, London W1A 1AA.  
Registered office: 100 Brook Street, London W1A 1AA.

Financial Times (Scandinavia) Visions  
42A, DK-1161 Copenhagen-K.  
Denmark. Telephone (33) 13 44 41. Fax  
(33) 23 53 53.



# Fears grow as Pyongyang digs in over weaponry

## N Korea quits nuclear treaty

By John Burton in Seoul, Alexander Nicoll in London and Tony Walker in Beijing

**NORTH KOREA** yesterday raised fears of an international confrontation over its suspected nuclear weapons programme by declaring that it was withdrawing from the nuclear non-proliferation treaty.

The decision caused consternation among its Asian neighbours and in the West. North Korea would be the first country to scrap membership of the treaty, which seeks to limit the spread of nuclear technology.

Japan, the US, Germany and Britain urged Pyongyang to reconsider the move, which Mr Kim Il-sung, the North Korean leader, described as "really disarming".

The decision would halt inspections by the International Atomic Energy Agency, which has carried out six inspections of North Korean facilities since Pyongyang permitted them last year. The Vienna-based body said it was a "grave step" and began preparations for an emergency board session next week to discuss a response.

The IAEA had given a deadline of March 25 for the government of Mr Kim Il-sung, a communist dictator, to permit inspections of two storage buildings at Yonghyon, North Korea's nuclear complex. It suspects the sites are being used to store nuclear waste for re-processing of plutonium.

However, Pyongyang responded that this was not possible at present because of

the annual US/South Korean "Team Spirit" military exercises, now under way. This week it placed the country on a "semi-war" footing in response to the exercise, which was suspended last year in a goodwill gesture after the two Koreas signed a non-nuclear pact.

North Korea insists that the two sites are non-nuclear military installations of no concern to IAEA inspectors. It said its withdrawal from the treaty was a "well-justified self-defensive measure against the nuclear war manoeuvres of the US".

In Seoul, where the cabinet met in emergency session, the South Korean foreign ministry said: "The North's professed reasons for pulling out of the treaty convince no one. This only heightens the suspicion that it is developing nuclear arms."

The move threatened to undo recent progress in developing inter-Korean relations. Expiry of the IAEA March 25 deadline could see the issue being transferred to the UN Security Council, which could impose sanctions for non-compliance.

China, a permanent member of the Security Council and one of North Korea's few remaining allies, issued a mild rebuke to North Korea. Behind its careful diplomatic phrasing, Beijing has had increasingly strained relations with Pyongyang and is likely to be exasperated by its behaviour.

In Tokyo, a Japanese foreign ministry official said: "We are very, very concerned about North Korea. It is an unpredictable regime, and the thought that they could be close to acquiring a nuclear capability is frightening."

**THE** issue of North Korea's suspected nuclear weapons programme, which appeared to be approaching a resolution a few months ago, could become a serious international crisis following Pyongyang's announcement yesterday that it is withdrawing from the nuclear non-proliferation treaty.

North Korea is believed to have started its nuclear research project in the mid-1960s as part of the *juche* (self-reliance) ideology of President Kim Il-sung to create an independent defence capability. The North Korean leader worried that he could no longer rely on Soviet military backing, after the fiasco of the 1962 Cuban missile crisis, if a second Korean war broke out.

It was similar concerns about US military commitment to South Korea in the 1970s that persuaded Seoul to try to develop a nuclear weapon, although the programme was eventually abandoned under US pressure.

Mr Tai Sung An, a respected US-based analyst of North Korea, argues that the country is seeking several objectives in its nuclear weapons programme. They include improving its negotiating leverage with South Korea and its allies, the US and Japan, and "offsetting its looming loss of conventional military superiority relative to South Korea by building a nuclear strategic equaliser."

Mr Kim Il-sung has developed a paranoid fear of nuclear attack from the US ever since that option was discussed during the Korean War 40 years ago, he says.

As North Korea became increasingly isolated from its Russian and Chinese allies in the post-cold war period, it has expanded its facilities at the Yonghyon nuclear complex, 60 miles from Pyongyang, in an apparently accelerated effort to acquire a nuclear weapon.

It operates two small reactors at the site and is building a bigger 50-megawatt unit. It is also constructing what appears to be a large nuclear fuel reprocessing plant to extract weapons-grade plutonium from the spent nuclear fuel generated from the reactors.

But there were also indications that Pyongyang realised its nuclear weapons programme was proving to be counterproductive as its economy deteriorated. Its need for foreign investment from South Korea, the US and Japan to revive the economy led it to



make apparent concessions on the nuclear issue to reduce suspicions blocking ties with these countries.

It signed a non-nuclear pact with South Korea in late 1991 and agreed to allow scheduled inspections by the International Atomic Energy Agency last spring in belated compliance with its signing of the treaty in 1985.

But progress became bogged down after Seoul wanted to conduct challenge inspections of suspected but undisclosed nuclear facilities, while the IAEA demanded last month a special inspection of two buildings in the Yonghyon complex that it believed contained plutonium. The IAEA request

helped push Pyongyang to renounce its signing of the treaty yesterday.

The most obvious conclusion to draw from Pyongyang's action is that it has indeed accumulated plutonium and feared that the IAEA would discover it.

The US and Japanese governments claim that North Korea has already stockpiled enough plutonium to make at least one or two nuclear bombs.

Japanese officials estimate that North Korea has extracted between 16kg and 24kg of weapons-grade plutonium. But there are other explanations for North Korea's apparently rash response. One is that the nuclear programme

## Former ally heads Seoul opposition

By John Burton in Seoul

**A FORMER** political ally of the South Korean president was elected yesterday as the leader of the country's main opposition Democratic Party, writes John Burton in Seoul.

Mr Lee Ki-taek succeeds Mr Kim Dae-jung, who retired after being defeated in the presidential election last December. Mr Lee's election follows a power struggle within the party, which holds 97 of the 299 seats in the National Assembly.

But it is still threatened with dissension and a possible break-up, which could improve the parliamentary position of President Kim Young-sam's government. Mr Lee represents a minority faction that joined the Democratic Party in 1991. The party is dominated by followers of Mr Kim Dae-jung who mainly come from the south-western Cholla region which historically has been at odds with the central government in Seoul.

Mr Lee was a member of President Kim's former opposition party. When Mr Kim decided to merge his party with the government in 1990, Mr Lee stayed in opposition, joining the Democratic Party a year later.

## Japan grows by 1.5% in 1992

By Robert Thomson in Tokyo

**JAPAN'S** economy grew by 1.5 per cent last year, the slowest rate of growth in 18 years, after domestic demand continued to weaken in the final quarter. The news prompted further calls yesterday for an emergency economic package.

Much of the growth for the year was generated by an increase in exports, as the slim 0.1 per cent expansion in the October to December quarter came in spite of a 0.5 per cent contraction in personal consumption and private investment.

But the annualised 0.5 per cent growth during the final quarter did prevent Japan from experiencing a second quarter of negative growth, and thus falling technically into recession. The economy contracted by 2.4 per cent during the third quarter, the first such decline in three years.

The Economic Planning Agency conceded yesterday Japan was unlikely to reach its official target of 1.6 per cent growth for the fiscal year which ends this month, and hinted further stimulation would be needed if the target of 3.3 per cent growth next year was to be met.

Japan is under pressure from trading partners to meet these goals, as sluggish domestic demand is blamed for the country's surging trade surplus. Exports are continuing to increase by 2 to 3 per cent each month, while imports are falling by an average 6 per cent.

It is likely the country would have slipped into recession without a boost to public



spending during the final quarter, when a ¥10,700bn (¥252bn) government package began to take effect. During the same period, private non-residential investment was 3.1 per cent lower, reflecting cuts in capital spending.

The weakness of private consumption and a continuing increase in personal savings have fuelled debate within the government over whether tax cuts are needed to encourage consumers to spend. The government is also considering incentives for home buyers and a new package of infrastructure spending.

Mr Kenneth Courtis, senior economist at Deutsche Bank Capital Markets Asia, suggested Japanese contractors "can't dig ditches or build bridges fast enough."

"If you look at the figures, Japan has been exporting its way out of recession, and something more must be done to stimulate domestic demand," Mr Courtis said.

## Singapore biscuit magnate charged

**MR Rajan Pillai**, a Singapore-based businessman nicknamed the "Biscuit King" for his processed food empire, has been charged in court with offences under the local companies act, Reuters reports from Singapore.

Mr Pillai, 45, chairman of Singapore's Britannia Industries, pleaded not guilty. He was arrested on Wednesday and charged with having illegally authorised loans from Britannia to companies in which he had significant stakes to help them acquire Britannia shares.

He was released on bail of \$500,000 (\$214,788) after Thursday's hearing. A commercial affairs department official said his passport had been impounded.

Britannia is a holding company for several subsidiaries incorporated in India, Pakistan, Singapore, Malaysia, Hong Kong, New Zealand and Britain. They manufacture and market branded biscuits, cereals and other food.

Britannia's turnover in 1992 was more than \$700m. Mr Pillai is charged with sanctioning \$810.88m in loans in November 1989 to a Liberian-incorporated company, Pacific Talon, to help it acquire Britannia shares. In December 1990, he is alleged to have lent \$811.25m to Pacific to help it acquire more Britannia shares. Mr Pillai has a large stake in Pacific, the official said.

The offences are punishable with up to three years' jail or a \$320,000 fine or both.



Put a bounce in someone's step. Call down under for under 50p a minute.

Phone Australia or New Zealand any Saturday in March for a special price of just under 50p for each full minute called. This offer, the third in a series of BT Specials applies all day Saturday, from midnight to midnight (UK time). For more information call 0800 800 890.



The BT Down-under Special

Applies to BT direct dialled calls made by BT customers each Sat in March '93. Offer excludes BT public payphones, mobile phones, BT Chargecard & some Supportphone calls. Usual cost for 1 minute at std. rate 84p, cheap rate 70p. Offer gives 6 sec per unit instead of 3.65 (std.) 4.45 (cheap). Std. rate is 700m to 2.30pm and 2.30pm to 12pm. Cheap rate is 12pm to 2.30pm & 2.30pm to 2.30pm.



## NEWS: INTERNATIONAL



Neck and neck on the final straight: Prime Minister Paul Keating gives his last campaign press conference yesterday

## Australian poll too close to call

By Kevin Brown in Sydney

THE outcome of today's Australian federal election remained in doubt yesterday with polls showing sharp regional variations in support for the two main parties.

The Labor government is likely to lose seats to the conservative Liberal/National coalition in Western Australia, South Australia and Queensland, but could make gains in Victoria and Tasmania.

"It is too close to call. The different trends in different states mean the final outcome could be very close," said Mr

Sol Lebovic, director of the Newpoll organisation.

Mr Gary Morgan, another leading pollster, said support for the government had increased substantially following attacks on the coalition's proposals for a goods and services tax (GST).

"The issue is the economic mess the country is in, and the concern is the GST. If there was no GST the coalition would walk in," he said.

"Labor must be the underdog but they still can win it."

Mr Paul Keating, the prime minister, and Mr John Hewson, the conservative leader, both

forecast a narrow victory for their own side. However, confidence appeared to be higher in the conservative camp.

The coalition was encouraged by a last-minute vote of confidence from all but one of Australia's main newspapers, which have frequently criticised opposition policies during the campaign.

The Australian, owned by Mr Rupert Murdoch's News Corporation, said the coalition was "the best option" for economic reform, in spite of "deep reservations" about some policies.

The coalition needs a net gain of five seats to win a

majority in the 147-seat House of Representatives, which would be achieved by a uniform national swing of 0.9 per cent.

If the election is close, the result may not be known until next week because of the time required to count second and subsequent preferences under Australia's voting system.

A dead heat is also possible because of the postponement of the election in the marginal Queensland constituency of Dickson, following the death of one of the candidates. The Dickson poll will be held next month.

## Navy bears brunt as US prepares to close 31 bases

By Jurek Martin in Washington

MR Les Aspin, the US defence secretary, yesterday recommended closing 31 major military bases in the US and scaling back operations at a further 134 installations.

The reductions, he estimated, would produce savings on the defence budget of \$3.1bn (\$2.18bn) a year, starting in the year 2000. But he conceded that as many as 57,000 civilian and 24,000 military jobs would be lost.

His proposals are already under fire in Congress. The independent base closure and realignment commission has until July 1 to consider them

and forward a final recommendation to the president, who has a further two months in which to take final action.

Conscious of the controversy, President Bill Clinton has gone to some lengths to soften the blow. Yesterday he was on an aircraft carrier off the Virginia coast, demonstrating solidarity with the troops, while on Thursday he announced a \$20bn four-year defence conversion plan which he dubbed "swords into ploughshares".

Mr Aspin admitted yesterday that the proposed base closures would hurt local economies. California, already deep in recession with unemployment just under 10 per cent, takes

the hardest hit, losing over more than 30,000 military and civilian jobs as a result of closing and consolidation.

Five affected facilities are in the congressional district represented by Mr Ron Dellums, now chairman of the House armed services committee and a long time critic of military profligacy. But special pleading by senator Dianne Feinstein and congressman Vic Fazio appears to have saved two famous installations, McEllan Air Force base outside Sacramento and the Monterey Presidio facility which houses the military's language school.

But many illustrious bases have been put on the chopping block. They include Homestead

Air Force base in Florida, devastated by Hurricane Andrew, the naval shipyard at Charleston, South Carolina, and the naval stations at Treasure Island in San Francisco and Staten Island, New York.

The navy, with 23 of the 31 proposed closures, takes the hardest hit. If Mr Aspin's proposals are implemented, it will be left with just two main ports in the US, in San Diego and Norfolk, Virginia, down from the seven of President Ronald Reagan's era.

Abroad, 29 installations are to be closed, including 14 in Germany, eight in Greece, four in the Netherlands and two in Britain.

## Clinton backs anti-trust move

By Nancy Dunne in Washington

THE White House has given strong backing to legislation which could discriminate against US subsidiaries of foreign companies in relaxing anti-trust penalties for joint production ventures.

The bill, introduced by Congressman Jack Brooks and Senator Patrick Leahy, was hailed by President Bill Clinton as "just the kind of forward-thinking initiative we need."

With White House backing, it is expected to move swiftly through Congress. The National Co-operative Research Act Extension is modelled on legislation passed in 1984 which allowed US companies to join together for research and development.

This made way for the formation of Senatech, an industry-government venture which has been credited with helping to restore the US lead in semiconductor manufacturing technology.

Now, said Mr Clinton, it is "altogether appropriate to lift the legal barriers that prevent good companies from playing to win in the global market - provided, of course, that our anti-trust laws continue to prevent improper collusion."

The legislation removes the threat of treble damages in anti-trust violations providing that the joint ventures' principal production facilities are located in the US. The companies must also be American or from countries which "treat US companies fairly under their anti-trust laws governing joint

production ventures". A Congressional aide declined to say which foreign governments deny US subsidiaries "fair treatment".

Lawyers say this creative use of "reciprocity" for anti-trust exemptions will discourage foreign participation in joint ventures or throw into the courts the difficulty of determining which countries accord "fair treatment" to subsidiaries of American companies abroad.

"The ambiguities undermine the aims of the anti-trust laws - to encourage efficient economic activity and to promote consumer welfare," said one Washington lawyer. "Faced with these unresolved questions, many US companies may simply forego joint ventures with certain foreign parties."

## Wholesale prices rise by 0.4%

By Jurek Martin

WHOLESALE prices in the US rose by 0.4 per cent in February compared with January, the largest monthly increase in more than two years but not necessarily a harbinger of new inflationary pressures.

Behind the increase in the producer price index - double the 0.2 per cent advance of January - were more expensive home heating oil, petrol, tobacco and new cars. Overall, the energy component of the index went up by 1.7 per cent.

Food prices, on the other hand, were generally slightly lower, with bigger falls recorded for a wide range of fruit and vegetables. Prices for finished goods other than food and energy, both subject to greater volatility, rose by 0.3 per cent in the month, under the 0.4 per cent increase of January.

Consumer prices in January rose by 0.5 per cent. The February report is due out next Wednesday and will be keenly watched for any evidence of an inflationary trend taking hold as the economy continues its recovery.

However, the consensus economic view, reinforced by the congressional testimony of the 12 regional presidents of the Federal Reserve system on Wednesday, remains one of relative price stability this year, though with some increases in view next year.

Meanwhile the Senate budget committee on Thursday night approved a resolution with more ambitious deficit reduction targets than proposed by President Bill Clinton.

More significant than the numbers, at this stage only notional guidelines since no actual programme cuts have been considered by Congress, is the fact that Democrats on the committee held the line in turning down no fewer than 34 Republican amendments.

## Liberal judge to quit supreme court

By Jurek Martin

JUSTICE Harry Blackmun, one of the two most liberal members of the US Supreme Court, has said he expects to retire soon.

The 84-year-old Nixon appointee also announced that he thought Justice Byron White, the only Democratic appointee on the court but now one of its more conservative voices, might also soon quit. Last week the Washington Post reported that Justice White had hired no new office interns for the term beginning after the summer.

Justice Blackmun and Justice John Paul Stevens, named by President Ford, have operated to great effect in a court intended by Presidents Reagan and Bush to acquire a more conservative mould. Their judicial alliances with Justices Sandra Day O'Connor, David Souter and Anthony Kennedy, three swing votes who have sometimes confounded conser-

vative expectations, have often frustrated the doctrinaire right wing judicial agenda on issues like abortion.

If the two justices retire, President Bill Clinton would be the first Democrat to make Supreme Court nominations since President John Kennedy appointed Justice White in 1962.

Other departures are possible, but Justice Blackmun said that unless Mr Clinton won a second term, when more vacancies might occur, he thought conservative predominance on the Supreme Court could last until the next century.

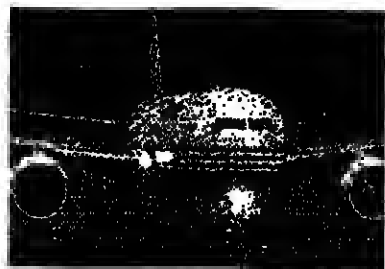
Mr Clinton is unlikely to find a judge more progressive than Justice Blackmun, though Justice White has more often than not voted with court conservatives. Mr Mario Cuomo, the governor of New York, is among those regularly mentioned as a possible Clinton nomination.



TRAVEL. DISCOVER HOW DIFFERENT WE ARE. AND HOW VERY MUCH ALIKE.

The magic of flight makes the world seem smaller, the possibilities larger. There are endlessly

fascinating places to explore, ideas to examine, people to meet, opportunities to pursue. Go.



BOEING

هكذا من القليل

## Venezuelan president faces fraud ruling

By Joe Mann in Caracas

VENEZUELA'S attorney general has asked the Supreme Court to rule whether President Carlos Andrés Pérez can be charged with fraudulent use of \$17m (£11.9m) in government funds.

The attorney general, Mr Ramon Escovar Salom, asserted in documents filed with the High Court that Mr Pérez and two former ministers

misused funds from a secret state account managed by the president, the minister of the interior and a limited group of high officials.

However, the constitutional grounds for such unprecedented action in pressing criminal charges against a sitting president are not clear in Venezuela.

Mr Pérez began his five year presidential term in February 1989.



Pérez: secret fund claim

## Accord cuts use of aid as sweetener for trade deals

By David Dodwell, World Trade Editor

WESTERN countries' use of aid as a "sweetener" to help companies win contracts overseas has fallen sharply in the past year, according to aid donors meeting in Paris this week.

The value of tied aid, and other credits seen as trade boosting, fell from \$10bn in 1991 to \$4bn last year, according to the Organisation for Economic Co-operation and Development.

The improvement follows the controversial introduction in February last year of the so-called Helsinki accord, which banned the use of tied aid for projects that are "commercially viable", or in better-off developing countries. It called for close monitoring of contracts where there is suspicion that aid is being

mixed with commercial financing to help companies win tenders.

More than 300 such projects were notified during 1992, but only 30 needed detailed examination. Of these, fewer than half were found to break the new rules, an OECD official said.

"There has been a tremendous shift towards credits that are less suspect of being trade motivated," the official said, noting at the same time that the slump between 1991 and 1992 may have been exaggerated by governments pushing sensitive loans through in 1991, ahead of the Helsinki accord deadline.

Aid donors, in particular the US, fought hard throughout 1991 for the reforms, which are intended to ensure aid funds are used for proper aid purposes, rather than as covert subsidies for exporters.

Controversy erupted just two weeks before the ban came into force, when Spain launched large export credit lines to Venezuela and Mexico - neither of which are eligible for tied-aid funding under the Helsinki rules. Spain was not forced to withdraw the credits, with a compromise agreed under special transitional rules.

There was uncertainty throughout last year over whether governments would change practices, not least because of difficulties in defining whether a project was "commercially viable".

A UK aid official said yesterday that power projects remained difficult to define: "Some donors argue power plants should be commercially viable in a market economy, but tied aid has been heavily used for these investments in the past."



# Smith heaps scorn on Tory 'chaos'

By James Buxton, Scottish Correspondent

MR JOHN SMITH, the Labour leader, yesterday heaped scorn on Mr John Major, the prime minister, comparing him to a rabbit caught "blinking in the glare as the juggernaut of slump and recession comes bearing down on him".

He told the Labour party's Scottish conference in Inverness: "You point out to him, as kindly as you can, that he should be doing something, but still be blinking and he bleats that his critics are talking the country down."

refused to accept Labour's amendment on the composition of the European council of the regions.

Instead Mr Major had been "anxious to display his tactical skills as a dazzling political leader" and had taken on the Tory rebels at Harrogate last weekend. "On Saturday he mustered that the Tory party must unite or be defeated. On Monday in the Commons he got his answer in the division lobby."

Mr Smith delighted his audience by attacking the Scottish National party for voting with the government on Monday as a result of a "shady, backstairs deal" with Mr Ian Lang, the Scottish secretary. "Even from our flexible friends in the SNP it was a remarkable display of opportunism," he said.

This week's discomfiture of the SNP has hoisted the



Prisoner George MacDonald, 84, puts across the SNP viewpoint to a Labour supporter in Inverness

morale of the conference. This is in spite of it being Labour's first Scottish conference since the general election defeat, in which its share of the vote in Scotland went down 3 percentage points to 38 per cent and it lost one seat.

Mr Smith ridiculed the government's white paper on the government of Scotland, which contains plans for greater use of the Scottish grand commit-

tee of Scottish MPs, and more administrative devolution to the Scottish Office. "It takes some believing that this timorous tokenism is the sum total of the government's vision of Scotland," he said.

He was involved in drafting Labour's plans for a Scottish assembly when he was in government up to 1979 and yesterday emphasised his belief in devolution. Mr Smith said

Labour would settle for nothing less than a Scottish parliament which would involve the transfer of legislative and political power from London.

A Labour government would within its first year carry through the Commons the act to establish a Scottish parliament. It would also set up an assembly in Wales and regional governments in England.

# Operation Cheetah will continue its hunt

YESTERDAY'S acquittal of Mr Derek Hatton and his three co-defendants on fraud charges comes nearly 10 years after he led a group of councillors from the far left of the Labour party to take control of Liverpool City Council. The prosecution at Mold Crown Court in Wales was part of Operation Cheetah, a Merseyside police fraud squad investigation, which in three years involved 23 arrests and threw a cloud of suspicion over Liverpool City Council.

## Derek Hatton's acquittal does not mean an end to the investigation

Even now, the police have said that the operation will continue.

At one stage, more than 30 officers were involved. Police went to the US, Spain and Ireland - at home, they raided the offices and homes of senior executives and directors of leading companies.

Only one executive was charged - Mr Roy Stewart, managing director of Rogers Developments, a building company. Mr Stewart was discharged on the judge's direction last week at the end of the prosecution case.

Mr Hatton was alleged to have improperly used his influence with two former councillors - Ms Hannah Folan and Mr John Nelson - to help ensure sites for carparks were leased to Mr John Monk, Mr Hatton's tailor.

Mr Nelson, who formerly chaired the council's planning committee, was one of 47 Labour councillors disqualified from office in March 1987 for alleged financial mismanagement along with Mr Hatton. Ms Folan was one of the Labour replacements elected the following May. She chaired the estates sub-committee, which deals with lettings, but left the council in 1991.

Mr Hatton, always dapper and well-dressed, was a promi-

nent customer of Mr Monk, whose tailoring business was near the offices of Settle Side, Mr Hatton's PR company.

All the defendants exercised their right not to give evidence at the end of the prosecution case, which revealed that deals to sell or lease Liverpool's assets were often negotiated and not always advertised.

Since the prosecution was alleging Liverpool had been defrauded because it might have got more by leasing the carpark land to someone other than Mr Monk, lack of certainty about prices and methods of deciding them was crucial. Not surprisingly, the jury - after 7½ hours of deliberation - refused to convict on the evidence.

In Mr Hatton's heyday, Liverpool City Council was notionally led by Mr John Hamilton, a Labour moderate and kindly Christian and head-teacher who thought he could control the far left, but soon found that real power lay with Liverpool's district Labour party, which often told the caucus of Labour councillors what to do.

The real leader was Mr Hatton, Mr Hamilton's deputy. Mr Hatton, a charismatic figure, and natural orator and showman was a social worker employed by the neighbouring borough of Knowsley. He admitted that he supported the ideas of the Militant, a weekly publication describing itself as "The Marxist newspaper

for Labour and Youth". The council borrowed from foreign banks to fund its policy of economic regeneration through building council houses. In 1985, with little money left to pay wages, the leadership tried to make more than 30,000 employees redundant.

In one of his strongest speeches, Mr Neil Kinnock, then Labour leader, denounced the Liverpool leaders' behaviour as "grotesque". Mr Kinnock then set about removing what had become an electoral liability. The district Labour party was suspended and a purge began.

The government also acted. In 1987, 47 Labour councillors were disqualified from public office for five years and charged for alleged financial mismanagement. The surcharges - which with legal costs eventually exceeded £700,000 - were paid after several years of fund-raising in the Labour and union movements.

Out of office, Mr Hatton continued to make a living as a media personality, star of TV commercials and public relations consultant.

His company, Settle Side, offered lobbying services founded on an intimate knowledge of local government. It went into liquidation after Operation Cheetah began and publicity drove its corporate clients away. Its legacy for Mr Hatton is understood to be a well-financed pension fund that liquidators cannot touch and which will ensure an affluent retirement.

But Mr Hatton still has a bill likely to run into thousands of pounds to settle first - the judge yesterday refused him costs.

Ian Hamilton Fazey

# Teachers told to boycott testing

MEMBERS of the NAS/UTW, the second-largest teachers' union, have been instructed to boycott testing and assessment connected with the national curriculum in England and Wales, John Williams writes. This follows a ballot in which an overwhelming majority voted for the action.

The action is unlikely to affect this year's tests, now under way, for seven-year-olds, as the union has few members in primary schools. However, it could disrupt the tests in the summer of 14-year-olds, including the introduction of the controversial new English tests.

Mr John Patten, education secretary, last night said that it was a sad decision which would harm children's education.

The NUT, the largest teachers' union, is to ballot its members in May over a boycott of the English tests for 14-year-olds.

## £3.9bn help urged for low-paid

A £3.9bn package of support for the low-paid financed by modest tax increases on high-income earners will be proposed today by the Low Pay Unit in a submission to the chancellor.

The proposals include raising tax allowances and age-related personal allowances by £350, changes in national insurance contributions and a £1-a-week increase in child benefit.

## Growth in sales of soft drinks

THE SOFT drinks market returned to growth last year after a 6 per cent decline in sales volumes in 1991, according to a report by Britvic Soft Drinks. Consumption rose by nearly 1 per cent to 8bn litres, with an estimated retail value of £5.5bn.

The report forecasts further growth of 1 per cent this year and estimates that volumes will increase 20 per cent to 9.7bn litres by the end of the decade.

## Cunningham expenses decision

NO ACTION is to be taken against Mr Jack Cunningham, the shadow foreign secretary, following an investigation into his campaign expenses for last year's general election, Cumbria police said yesterday.

# Horton's BP pay-off was £1.53m

By Lucy Kellaway

MR ROBERT Horton yesterday officially joined a select club of executives who have picked up seven-figure sums after parting company with their employers. BP's annual report showed that he was paid £1.53m on his departure as chairman and chief executive last year - £780,000 in compensation and £722,740 in a special pension payment.

The other members of the club include Sir Ralph Hal-

pern, the former head of Burton who received about £2m; and Mr Peter Scott who was paid about £2m on his departure from Aegis, the media buying group.

The size of the BP pay-off has revived shareholder anger over severance pay. Institutions questioned whether top executives should be on three-year service contracts, although they said the case of Mr Horton did not mark one of the worst cases.

Under the present system

the service contract is taken as the basis for calculating severance pay. Until recently the contract for top executives was frequently as long as five years, although the Cadbury committee on corporate governance last year recommended a maximum of three years.

Mr Paddy Linaker, chief executive of M&G, the fund management company, said: "We think Cadbury was on the lenient side - one year is perfectly adequate in most cases."

The size of a pay-off is

adjusted according to the likelihood of a director obtaining a new job at the same wage. This leaves a lot of room for argument.

Mr Chris Osman, of solicitors Clifford Chance, said: "There is no such thing as the going rate for severance pay. For a three-year contract, 18 months to two years might be reasonable for people not eminently employable elsewhere."

In 1991 Mr Horton received a basic salary of £480,000 and a bonus of £307,000.

# City settles on the way ahead after Taurus

## Richard Waters on suggestions for handling share transactions

THERE was a surprising unanimity in the City yesterday over what should replace Taurus, the Stock Exchange's proposed settlement system, which was declared dead on Thursday.

Different sections of the securities industry have different interests, but there seemed to be agreement over the general direction that future development should take.

First, individual shareholders should be left out of the first stage of the development. Taurus had been conceived from the point of view of institutional investors, and getting the large volume of private shareholdings on to an automated system would add to the complexity and cost.

Second, the Stock Exchange already has an automated settlement system which could be adapted to handle much of what Taurus was meant to do. Called Talisman, it was introduced as long ago as 1979 and is used to settle bargains between marketmakers. Each marketmaker has a nominee account in which they group together all their holdings.

In theory, institutional investors could be offered such accounts, as could a stockbroker which maintained a nominee account for its clients - in effect allowing a retail stockbroker to take part in the automated settlement system.

Third, the stock market should move quickly to a system of "rolling settlement". Share bargains are now settled once a fortnight: under rolling settlement all transactions would be settled a set number of days after they took place. With institutional investors in Talisman, the settlement cycle could be as little as five or even three days. Individual

investors, outside the system and still using share certificates, could settle on a 10-day cycle.

The idea of different settlement cycles was discussed during the Taurus project. At that time marketmakers agreed that the different cycles would not lead to institutional and private investors buying and selling shares at different prices.

There was less agreement yesterday on how, if shares were held in nominee accounts, companies could draw up complete share registers as they are legally obliged to do. Companies would be able to comply with their legal obligations by drawing up a register which simply showed the amount of their stock held in each nominee account.

To find out more, companies would have to employ agents to make inquiries of each nominee to draw up a complete picture of their share registers. However, this private register would take time to compile and would be unavailable to an outsider.

One way round this would be a central registry, which would construct a complete record of a company's shareholdings. Technically this would be easy to achieve. A system already developed by a UK registrar could be bought by an independent clearing house and run for the interests of the City as a whole.

This would put the existing bank-owned service registrars out of business, and could severely curtail the operations of the bank-owned custodians. But the Bank of England has made it clear that some interests are likely to be trumped in the pursuit of a quick and cheap solution.

# Fulham FC in GMB strip

By David Goodhart, Labour Editor

THE GMB general union yesterday agreed a sponsorship deal with Fulham Football Club, the first ever by a trade union. In exchange for a little less than £10,000, the players at the Division II West London club will wear the GMB logo on their shirts for the last 12 games of the season, of which three will be televised, and the union will be able to use the club's hospitality box for negotiations.

Fulham has had mixed for-

tunes. The England star Johnny Haynes, the first £100-a-week footballer, helped to keep the club at the top in the 1950s and 1960s but it later became better known as a pre-retirement stop for players such as George Best, Bobby Moore, and Rodney Marsh. It is now mid-table in the second division and has just secured its future with a lease arrangement for its ground.

The union is backing Fulham partly because it is cheap and partly because the club is inoffensive enough not to arouse hostile feelings in the

GMB's football-following members. The idea came from the local Hammersmith branch - the union claims more than 4,000 members in the borough of Hammersmith and Fulham.

Mr Paul Kenny, the union's London secretary, hopes the deal will show that "modern trade unions are an important pillar of the community".

The GMB has a long history of involvement with sport. Mr Tom Burlison, its deputy general secretary, is a former professional footballer, and the union provides advice to several sports associations.

YOUR STOMACH IS LOOKING FORWARD TO MARCH 28 AND THE NEW SWISSAIR BUSINESS CLASS FOR EUROPE. EVEN ON THE SHORTEST OF SHORT-HAUL FLIGHTS, YOU'LL FIND A WELCOME DINING SURPRISE. OUR NEW CUISINE WILL GIVE OTHER AIRLINES SOME FOOD FOR THOUGHT.



## NEWS: UK

Business  
condemns  
'snub' by  
ministers

By Charles Batchelor

THE GOVERNMENT was accused yesterday of snubbing Britain's largest small-business organisation by failing to send a minister to the annual conference of the Federation of Small Businesses.

The 68,000-member federation said this was the first time in many years that a minister had not attended its conference in Bournemouth, which ends tomorrow. Three hundred delegates have attended for debates on subjects such as the recession, the role of small businesses in economic recovery, the Maastricht treaty and the Budget.

"It is a snub," said Mr Ian Handford, chairman of the federation's policy unit. "It confirms our view that the government is paying lip service when it comes to practical policies for small firms."

"We have more members than the CBI and the Institute of Directors put together and we feel a minister should have been here to listen to our views."

The federation said it had asked Mr John Major to attend, but the invitation had been passed on to Baroness Denton, small firms minister at the Department of Trade and Industry. They finally invited Mr Bill Cash, a Tory Euro-rebel MP, who accepted an invitation to talk about the Maastricht treaty.

The DTI said the invitation had reached Baroness Denton only a month ago and she could not change her programme, which involved visits to Devon and Cornwall.

## HOW BRITAIN HAS SAVED



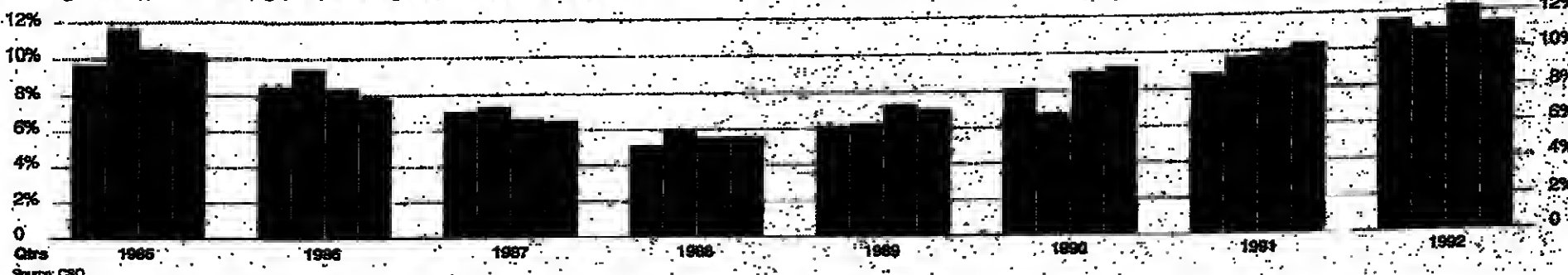
In the good times ...



... and the bad



Saving ratio (personal saving as a percentage of personal disposable income, seasonally adjusted)



## Fall in savings points to recovery

By Emma Tucker,  
Economics Staff

INDIVIDUALS were less inclined to save in the final quarter of last year, a trend consistent with evidence of a modest recovery in consumer spending.

Figures published yesterday showed that the savings ratio, which measures personal savings as a percentage of total income, dropped from a seasonally adjusted 12.3 per cent in the third quarter to an adjusted 11.4 per cent in the fourth quarter.

The fall, which coincided with several reductions in UK interest rates, took the ratio back to roughly the same level as it was at the beginning of

OUTPUT in every sector of the UK economy, excluding oil and gas extraction, was flat or falling in the final quarter of last year, according to official figures released yesterday.

Revised data from the Central Statistical Office confirm that gross domestic product rose by 0.2 per cent in the last three months of 1992, compared with the previous quarter. This left GDP up 0.1 per cent on the same quarter a year earlier.

GDP excluding oil was flat quarter-on-quarter, compared with a provisional 0.1

per cent fall. It was 0.1 per cent lower than a year ago.

Many analysts are confident that the revised figures are consistent with an economic turning point. Mr Kevin Gardiner of S.G. Warburg said he now expected to see forecasts for growth this year nudge upwards.

According to Consensus Economics, a consultancy, the latest man forecast for growth this year among City economists is 1.1 per cent. This compares with the Treasury's forecast of 1 per

cent fall. It was 0.1 per cent lower than a year ago.

The figures also confirmed that domestic demand fell by 0.3 per cent in the final quarter compared with the previous quarter, after five successive quarterly gains.

The drop in domestic demand reflected a sharp increase in the rate of destocking. Inventories fell by £7.1bn in the fourth quarter after falls of £4.8bn and £2.9bn in the second and third quarters respectively.

Consumer expenditure in the final quarter rose by 1 per cent

terms, personal disposable income was 0.5 per cent lower. Compared with the same quarter in 1991, real personal disposable income was 2.5 per cent higher.

Consumer expenditure in the final quarter rose by 1 per cent

and by 3.9 per cent compared with the same quarter the year before.

The state of company finances continued to improve on an annual basis with seasonally adjusted figures from the CSO showing a financial

deficit of £10.5bn last year, compared with £11.1bn in 1991. However, this was less than half the size of the deficit in 1989 when it was £22.7bn.

In the final quarter the deficit narrowed to £1.4bn from £1.7bn in the third quarter.

Gross trading profits of the corporate sector, net of stock appreciation, stayed at about £19.7bn in the final quarter. The figure was maintained by North Sea oil companies' gross trading profits which increased by 18 per cent from £1.5bn in the third quarter to £1.8bn in the fourth.

Trading profits from non-North Sea oil companies fell in the final quarter compared with the third quarter from £18.2bn to £17.9bn.

JCB wins  
right to  
build  
factoryBy Paul Cheeseright,  
Midlands Correspondent

THE government is to allow J.C. Bamford Excavators, one of the UK's largest privately owned groups, to build a plant in the green belt near Cheadle, Staffordshire.

The decision, announced yesterday by the Department of Environment, overrides the recommendation of Mrs Mary McLoughlin, the planning inspector who last September held a public inquiry and concluded that JCB's application should be rejected.

The government has thus breached its normal planning restrictions on developments in the green belt. Planning policy hitherto has discouraged green belt developments in favour of encouraging the redevelopment of inner-city areas. This policy was emphasised, especially in the home counties, by Conservative politicians before the last general election.

The planned JCB plant, covering 15,220 square metres, would house JCB Special Products, making skid steer loaders and small back low loaders presently manufactured at Uttoxeter, Staffordshire.

In a letter to Kent Jones and Done, JCB's solicitors in Stoke-on-Trent, the environment department noted that the development was "inappropriate" but said that "in this most exceptional of cases" economic benefits outweighed such harm as might be caused to the green belt.

JCB's application was supported by Staffordshire County Council.

## Industrial espionage laws placed under surveillance

THE two defendants in the National Car Parks industrial espionage trial walked free from the Old Bailey yesterday - but left behind them calls for reform of the law about the secretive methods used by private security organisations in the commercial world.

Mr Gordon Layton, chief executive of NCP, and Mr Simon Hewitt, a former manager with KAS, the security firm hired by NCP to spy on a business rival, were acquitted of conspiracy to defraud.

That followed a two-month trial in which details of their spying operation were never in dispute. The operation included surveillance of directors of Europarks, the target company, rifling of dustbins and briefcases, and the use of infiltrators to obtain confidential financial information.

Under the law, none of these techniques is illegal in itself. The law is broken only when

John Mason on questions raised by the NCP trial and the furtive methods used by security companies

the intention is to damage the interests of the target company. In this case the prosecution agreed there was no evidence that Europarks had suffered as a result of the espionage operation.

Calls for clarification of the law were led by lawyers acting for Mr Layton who had rested their defence on the assurances given to him by KAS that its methods were legal.

The calls were echoed by solicitors from other law firms which have been frequent, if discreet, hirers of private security firms. "The law is unclear," said one solicitor. "There has also been the temptation for us to be somewhat disingenuous about how information is obtained - that must now change."

Mr Layton first heard of KAS, the security firm formed by the late Sir David Stirling,

founder of the Special Air Service, in late 1986. The firm employed several former members of the regiment.

Mr Layton had become concerned about the intrusions Europarks was making into NCP's dominance of the car-parking market. He suspected that Mr Steven Tucker, Europarks chairman, was undercutting NCP to win prime-site contracts by obtaining inside information from NCP.

A meeting with Sir David was arranged and Mr Layton, impressed by the organisation's SAS background and its claims to offer the "Rolls-Royce" of corporate investigations services, hired KAS to investigate both Europarks and security within NCP. But Mr Layton had apparently misjudged KAS.

In the security business KAS had acquired the reputation of

a poorly managed concern, still wrapped up in the mythology and thinking of its SAS ancestry. One witness told the court that considerable time was once spent discussing how the company should defend itself against a possible IRA attack on its Mayfair offices.

The staff at KAS may have been highly trained, but the organisation lacked the managerial control to question properly the wisdom or legality of applying techniques of covert military work to the commercial world, said the director of one security firm.

But however bizarre and badly managed KAS may have been, it did ultimately succeed in discovering the most confidential financial secrets of its rival.

The operation was headed by Mr Ian Crooke, a former colonel in the SAS. He would have

appeared in the dock alongside Mr Layton and Mr Hewitt, but has remained in South Africa beyond the reach of the UK's extradition powers.

Early in 1987 Mr David Paterson, who before joining KAS had once been a Rhodesian policeman, carried out initial investigations and said he could find no evidence of dirt tricks by Europarks. Its success, he reported, was based on trimming all its costs down to the absolute minimum.

This did not satisfy Mr Layton. He ordered KAS to maintain surveillance on Europarks. For the next year Mr Tucker, his family and other Europarks directors were closely followed by KAS staff. This provided little information except worthless little-titles.

So, in February 1988, KAS stepped up its operation. Real-

ising it needed an insider to obtain the information it wanted, the firm set about trying to infiltrate Europarks.

A KAS employee, known during the trial as "Witness E", obtained a job as a clerk manager at Europarks' Heathrow office. But he was in too low a position to get the information needed. What was necessary, KAS decided, was an insider in Europarks' management.

By May 1989 Mr Crooke had left Britain to look after KAS's anti-poaching activities in southern Africa. Mr Simon Hewitt, a member of the Territorial Army SAS, was brought in as a replacement manager and took charge of the NCP account.

He recruited Ms Jane Turpin, a former Army captain, to KAS. Using a false CV, she secured a job with Europarks

as Mr Tucker's personal assistant.

With free access to his offices there was little she could not obtain. In six months she provided a welter of confidential information about the company's finances. It was crucial information, which, Mr Tucker said, laid bare the soul of his company.

Ms Turpin - who but for health reasons would also have been prosecuted - left Europarks in November 1989, and the operation, which had cost NCP more than £46,000, was wound up.

The operation would never have come to light but for a dispute within KAS. Mr Hewitt had not proved a popular choice with his colleagues and, in early 1990, he was sacked. He approached a Sunday newspaper with the NCP story, which appeared in print in

June 1990. The day before, when approached for his reaction, was the first time that Mr Tucker had heard anything of the three-year operation against his company.

The calls for clarification of the law on industrial espionage may not be easy to carry out. The issues are complex, particularly the question of using pretexts, said Mr Stephen Smith, a director of Carrat, an established security firm.

To him the KAS operation was ill-advised and one whose objects could have been reached equally well using methods that were more acceptable and clearly legal.

But he questioned whether infiltration was a significant problem compared with other, more obviously illicit activity. Leaving aside industrial espionage, more information is obtained by companies prepared to use the illegal technique of old-fashioned bribery, he suggested.

NEW UK BREAKDOWN SERVICE  
A FREE OFFER TO CAREFUL MOTORISTS FROM  
EUROPE'S LARGEST MOTORING ORGANISATION

**JUST £35  
FOR ONE YEAR**  
or £65 for 2 years  
or £95 for 3 years

**PLUS  
FREE COVER FOR  
SECOND CARS \***

**TO FIND OUT MORE  
PHONE NOW**

**0444  
442211**  
or send in the coupon

## Europ Assistance

is Europe's largest motoring organisation, established 30 years ago and now covering over 12 million cars.

## Select

is a new type of breakdown cover, providing roadside assistance and onward transport for just £35 for 1 year, £65 for 2 and £95 for 3 years - that's three years' cover for less than the price of one from some other organisations.

By reducing call-outs from the irresponsible we can offer careful motorists a very competitive price which also includes free cover for caravans, trailers, accommodation costs and replacement car hire.

For more details telephone 0444 442211 or send in the FREEPOST coupon today.

\* £35 for the first year, then FREE of charge for the second and third years.

**europ assistance**

Government seeks to allay  
'mad cow' disease fearsBy Clive Cookson,  
Science Editor

GOVERNMENT veterinary and health experts were yesterday putting out reassuring messages about bovine spongiform encephalopathy (BSE), or "mad cow" disease, in the face of growing public anxiety.

One cause of concern is that the number of cases is continuing to rise, in spite of forecasts from the Ministry of Agriculture that the incidence would peak last year and then decline rapidly. Farmers reported 8,581 animals with BSE during the first nine weeks of this year, compared with 4,099 in the same period last year.

Another fear is that BSE

could cause illness in humans. It was revealed this week that Mr Peter Warburton, a dairy farmer whose herd had a BSE case in 1989, died last year of Creutzfeldt-Jacob disease. Both BSE and CJD are caused by mysterious particles of infectious protein called prions.

Dr Robert Will of Western General Hospital, Edinburgh, who is monitoring all CJD cases in the UK for the Department of Health, drew attention to the case in the *Lancet*, a medical journal. He says he now regrets writing to the *Lancet* because of the unnecessary alarm caused.

Statistical analysts, taking account of the average national incidence of CJD and

the number of people working on BSE-affected dairy farms, shows that the probability of one CJD case having occurred among the latter group by chance is about one in 20.

Even so, Dr Will believes that Mr Warburton's disease was a coincidence not related to BSE exposure. His study has shown no change in the pattern of CJD since BSE started and no other cases among people working with cattle, such as abattoir staff or vets.

Dr Kenneth Calman, chief medical officer, yesterday repeated the official advice that beef can be eaten safely: "There is no scientific evidence of a causal link between BSE in cattle and CJD in humans."

Fishermen call for EC ban  
on imports of Russian cod

By Jimmy Burns

FISHERMEN'S leaders yesterday called for a European Community import ban on Russian cod but held back from supporting a blockade of ports.

Officials of the National Federation of Fishermen's Organisations, which represents most fishermen in England and Wales, called for the ban during a meeting in Grimsby, where fishermen this week stopped lorries from delivering Russian fish to the local market.

The decision not to back a more widespread campaign of

protest action reflects the wish of fishermen's leaders not to fuel the kind of violent protests that have occurred in France.

The UK Association of Frozen Food Producers yesterday warned that any import ban could lead to a shortage of fish by the summer.

Mr Geoffrey Molloy, the association's chairman, said: "Banning cod imports will not help the consumer and will certainly not help prices. The increases in landings which the fishermen complain about are, in fact, caught by UK fishermen themselves."

The Ministry of Agriculture,

Fisheries and Food said yesterday that the government would not back the fishermen's call for a ban at next week's EC council of fisheries ministers.

"We need to look after the fish-processing industry... It is a big business in the UK," the ministry said.

Mr Stephen Pearce, assistant port manager at Grimsby, warned yesterday that action might have to be taken against fishermen if the unofficial blockade began to affect the port's business. He added that the blockade this week was not as big as some reports had suggested.

Fast bucks for  
slow wealth?

SHORT-TERMISM AND THE ECONOMY

As Britain emerges from the longest recession since 1945, the Guardian has gathered together some of the finest minds from across the economic and financial spectrum to consider the future for Britain's prosperity.

Guardian Finance Editor, Alex Brummer will introduce the discussion, chaired by Economics Editor, Will Hutton, which aims to fill the policy vacuum that has evolved in the wake of Britain's exit from the ERM.

He will be joined by:

**Tim Congdon**, Managing Director, Lombard Street Research Ltd

**Pen Kent**, Director, Finance & Industry, The Bank of England

**Mick Newmarch**, Group Chief Executive, Prudential Corporation plc

**John Thomson**, Senior Investment Manager, Standard Life

The Guardian Debate, 7pm, Thursday April 1  
Chartered Accountants' Hall, Moorgate Place,  
London EC2. Wine served from 6.30pm

To obtain your tickets for the Guardian Debate at £15 each please phone the Guardian circulation line on 0924 818195 or send a cheque or your credit card details to the address below.

Please send me tickets at £15 each

Name

Address

I enclose a cheque, payable to the Guardian (or £)

OR Please debit my VISA/ACCESS Card (Delete as applicable)

Card Number

Expiry Date

Value

Signature

Post to: The Guardian Finance Debate, 2 Bushey Hall Road, Bushey, Watford, WD2 2EA.



# What signs of life for the British economy?

IT IS 17 months since Mr Norman Lamont, the chancellor, told his party faithful in Blackpool: "The green shoots of economic spring are appearing once again." One year ago, Mr John Major, the prime minister, assured an election campaign meeting in Nottingham: "The recession will end when the election is over."

Their premature optimism has haunted them ever since.

Next week, Mr Lamont presents his third Budget and risks derision if he is bold enough to claim that revival is under way. But, this time, there could be something in it. A clutch of figures published in the past few days suggest that the longest recession since the 1930s may be ending.

Householders report sales rising by more than a fifth in the first eight weeks of the year. Registrations of new cars rose by 16 per cent in February, though only against the worst monthly sales figure since 1976.

The appetite for buying on credit also appears to be improving, with consumer borrowing rising in January to three times the level expected.

With the Budget three days away, Financial Times reporters have taken the temperature of Britain to see whether economic recovery really is under way. There are some grounds for optimism but a good deal of uncertainty remains

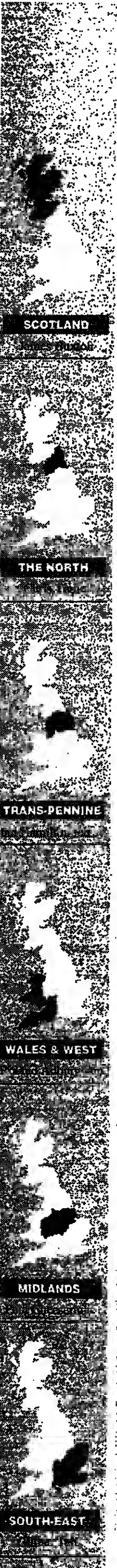
per cent last year. But after a quiet January, sales in February were up 4 per cent on the previous February.

The housing market, which heralded the arrival of the recession, is also expected to lead the economy back to higher ground. Here, there are real grounds for encouragement.

Residential property markets are increasingly active and, most importantly, this time the trend appears as though it is being sustained. Builders are again selling and mortgage lending is rising, though prices may not respond for a long time. Mr Mike Jackson, chief executive of Birmingham Midshires Building Society says "business is on the up", with mortgage offers in early 1993 tripling from a year earlier. Mr Jim Philbin of Norwich and Peterborough Building Society reports a big upturn in interest which has "taken us a bit by surprise".

Britain has been waiting so long for good news, it seems, that it might take some considerable time for evidence of any lasting upturn to sink in.

Main report by Michael Cassell with additional research by Neil Buckley.



### EMPLOYMENT

There's more demand in Scotland for long-term contract staff in office clerical jobs and for industrial jobs, especially in assembly and manufacturing.

"The position in the last three months is significantly healthier than it was a year ago. Demand for manufacturing staff in the Scottish electronics industry was notably strong," Kathy McDowell, regional manager for Scotland and Newcastle, Manpower employment agency.

"We're definitely significantly better than this time last year. Increasingly placements are on a contract rather than a temporary basis. The two most buoyant sectors are for clerical and industrial contract work, unskilled and semi-skilled. We'd rather not give any figures - we work in a very competitive marketplace," Kathy McDowell, Manpower.

	Jan 93	Jan 92
Newcastle	366	338
Sunderland	366	311
Middlesbrough	152	216

Dept. of Employment

### PROPERTY

"We're very busy at the moment. There's been no uplift in house prices but there's a lot more movement in the market - the standard of living of people in work is holding up well," David Land, TSB Bank, Edinburgh.

TSB is probably Scotland's biggest mortgage lender. The number of mortgages it processed and completed in the three months to the end of February was up by 35 per cent compared with the same period last year.

"In the past two months there's been a bit of an increase in work in domestic conveyancing but it's been a little bit patchy. There's certainly no sustained improvement," Fred Wilson, partner, Dickinson Dees, The north-east's largest solicitors, it employs 280 in Newcastle.

"Our busiest department by far is the litigation department. That's a comment on the state of the world in general. Every firm's courtier. The commercial department, in contrast, is pretty quiet," John Tilly, managing partner, Tilly, Bailey & Irvine, Harrogate-based and founded 1841 to cater for the town's then thriving shipping sector.

"Commercial property activity is very patchy and you can't generalise. You don't need figures or pieces of paper to tell you that much is happening - the phone doesn't ring. If anyone says anything else, they're whistling in the dark. Everyone says they're busy, but are they earning fees? It's going to be a long haul out."

"Companies have had a bad night. Why should anyone more offices who does not need to? No one is going to increase overheads, or walk away from a lease they have not been able to assign. They can't afford to leave such a liability behind them," Tom Marshall, partner, Lambert Smith Hampton, surveyor and property agents, Manchester.

"We're off the bottom and coming out of recession, but not really far enough or fast enough," Ebdal & West Building Society.

Since the new year in its Severnside region - which includes Avon and South Wales - mortgage applications are running about 25 per cent lower than a year ago, but about 50 per cent up on the last quarter of 1992.

"Applications up for this year compared with last quarter 1992."

"Business is on the up. I think we're beginning to see a few edges of spring in the housing market. Mortgage offers between January and February 1993 were worth £80m, three times the amount for January to February 1992," Mike Jackson, chief executive, Birmingham Midshires Building Society.

"There is movement in the market. Residential conveyancing in our Birmingham and Nottingham offices has picked up since Christmas," Tim Price, manager Birmingham residential conveyancing unit, Ebdal & West, solicitors.

### INDUSTRY

SCOTTISH HYDRO-ELECTRIC +3% Industrial sales

Scottish Hydro-Electric, which provides power to the north of Scotland, reports a three per cent increase in industrial sales between the last quarter of 1992 and the last quarter of 1991.

"Last quarter 1992 against last quarter 1991. Scottish Hydro meets three-quarters of Scotland's industrial consumption. We have seen no significant variation in industrial demand between the past three months and the same period of a year ago," Ian Preston, chief executive.

Northumbrian Environmental Management is a waste management subsidiary of Northumbrian Water. It has two landfill sites in north-east England: in Northumberland and Tyne and Wear. Volumes were slightly up, by up to 5 per cent, in January and February 1993 against 1992.

"We see a slight pick-up, but it's not dramatic and there is no sign of construction waste increasing. Prices are really under pressure: in 1993 real prices are likely to fall markedly. There is plenty of capacity. On the construction side we don't see any change. There are people quoting substantial price reductions so the volume of the market has shrunk," Peter Wilson, MD.

Associated British Ports this week reported a 4 per cent growth in for Humber ports in 1992, with record levels reaching 50m tonnes at Hull, Immingham, Grimsby and Goole.

"The trend continuing this year and Hull traffic is at a 25-year high," Stuart Bradley, ABP managing director.

Exports of Jaguar cars from Liverpool to North America are up, but Canadian wood imports are down following sterling's devaluation.

"Recession has bottomed out and we are coming out the other side. There has been a rapid take-up of industrial units in Liverpool freeport by electrical and computer distributors," Trevor Furlong, MD, Mersey Docks.

G-T Plant Hire, based at Weston-super-Mare, hires construction plant to the private and public sector.

"Compared with the first part of last year there has been no improvement whatsoever. There are no big long jobs nor big developments - everyone is shopping for the cheapest price."

"The recession for us started two years and nine months ago and it hasn't finished yet. We're in the survival business and very optimistic," Angle Stratford, director.

Lalgh Environmental is a Walsall waste disposal company.

"We are seeing an increase in confidence. A number of waste producing clients have been prepared to release materials which they had been stockpiling to conserve cash," Mark Stanley, marketing manager.

BPA is a leading landfill operator in the region.

"Industrial and commercial waste is fairly stagnant. What has started rising is ground clearance waste deposited at Packington, near Birmingham - up by 27 per cent over last year," Mark Gordon, business development director.

BIFFA -5% VOLUME

Increasing enquiries about the disposal of hazardous waste - a trend, which it says indicates a slight upturn of confidence.

"A number of large companies are saying 'this can't go on for ever'. We've seen signs that they're wanting to clear the decks, and do things like rationalise their waste disposal. That's always the first sign of recovery," Peter Jones, external affairs director.

"Trade is fragile, fickle, unpredictable, but tantalisingly showing little glimpses of improvement."

Not surprisingly, the outlook for employment - among the last beneficiaries of revival - remains generally bleak.

Manufacturing industry is slowly regaining its confidence. Express Engineering, a family-owned engineering business in Gateshead, says some orders are up three times on a year ago, most of them from UK companies planning to boost output.

Mr Christopher Moore, managing director of Rigny Maryland, a West Yorkshire wire manufacturer, reports his "best January ever" with a good February to follow. More jobs are to be created.

Profits are another matter: "Profitability - what's that word?" asks Mr Alan Armitage of Armitage Engineering in Washington, Tyne and Wear: "The name of the game is survival. The nicest thing anybody in accounts could ever say to me is 'You've broken even'."

A steady improvement in commercial activity is reflected in the volume of national telephone traffic. Both fixed and mobile telephone networks point to more domestic and business calls. There are more new connections and customers are spending more despite some cuts in charges.

Parts of the packaging industry are seeing signs of an upturn, but it is difficult to draw conclusions. Moreover, as the industry supplies much of what it produces to the food industry, it has been cushioned to some extent from the recession.

Mr John Cohring, marketing manager at United Glass, one of the UK's largest glass container manufacturers, said sales grew 1

### RETAIL

JOHN LEWIS +3.3% TURNOVER

"I sense a pent-up optimism here, a wish for things to get better. But while the Edinburgh stores tended to be strong throughout 1992, in the last five weeks we have struggled a little. Sales increases averaged 5 or 6 per cent for much of the last financial year, but were only 3.3 per cent for the first four weeks of the new year. Furniture and carpet sales have held up and the appetite for consumer electronics is astonishing," Russell Husband, MD, John Lewis, Edinburgh.

JOHN LEWIS +0.4% TURNOVER

"Quiet is the word. We had a fairly modest 1992, and it really hasn't changed very much." Bainbridge has seen sales increases of only 0.4 per cent over the first four weeks of the new financial year, similar to the 0.8 per cent it saw for the previous half year. Newcastle came out of the recession of the early 1980s later than the south of England, and went into the current recession later. "There has been some upturn in sales of electrical appliances, including both white goods and electronics and TV," Brian Forbes Turner, MD, Bainbridge, Newcastle.

JOHN LEWIS +8.2% TURNOVER

"Sales have been good for the last six months. People are more resilient here, they've seen it all before. We have had recessions while the rest of the country has been ploughing forward. The green shoots are there, but they are very fragile and could be broken off at any moment."

The store saw an encouraging sales increase of 8.2 per cent for the first four weeks of its financial year. "It could be that people decided if they weren't going to spend money on holidays, they would spend a bit in the shops," Allan Allkins, MD, George Henry Lee, Liverpool.

JOHN LEWIS +2.3% TURNOVER

"Nobody is crowing in Bristol. We had a slightly disappointing February, and none of my big high street neighbours are making much noise about good results. Few families have not experienced redundancy, at least indirectly. If John Lewis is increasing sales, often we are getting a little bit more of a no-bigger cake. The store has been affected by the lack of trade in 'big ticket' items such as furniture, carpets and kitchens, but consumers are still prepared to buy 'a video, a new coat, or something for the kids'," Bill Redmond, MD, John Lewis, Bristol.

JOHN LEWIS +5.0% TURNOVER

"Trade is fragile, fickle, unpredictable, but tantalisingly showing little glimpses of improvement. The first four weeks of the trading year showed sales increases of a steady 6 or 8 per cent, then it just dropped. A fortnight ago we were back down to 1 per cent. It's repeating the lack of pattern, the lack of stability, of the last 12 months or so. Next week we could be back to 6 per cent. Heavy electrical appliances are also still slow, although radio, TV and computers are selling very strongly," Ian Lawrie, MD, Jessop & Son, Nottingham.

JOHN LEWIS +11% TURNOVER

"Overall, things are no longer getting any worse. Logic says that nothing stays the same, so things must be getting a bit better." It is a new store, opened in September 1990, and so is still building up its trade. "If the figures keep running through to May or June at about the same level, then we would know there was something there. In retailing, you live on hope. Sales of furniture and furnishings are still flat but as in other branches, TV and electronics are doing well," Peter O'Ryan, MD, John Lewis, Kingston.

### SERVICES

Newspaper advertising: Scotsman Publications publishes The Scotsman, Scotland on Sunday, the Edinburgh Evening News and local papers.

"You get green shoots at this time of year but you can also get five degrees of frost. January was very slow for advertising but February was up on last year. There's a strong upturn in the used car market and some recovery in situations vacant. Retailers are taking more display advertising. Property advertising for mature houses is dragging, and hotels and restaurants are slow," Joe Logan, MD.

Advertising: the Newcastle Chronicle and Journal, part of Thomson Regional Newspapers.

"The recession has hit here most severely since last October. That was the first time we remarked any serious downturn. Overall our performance is ahead. Some of that is down to share growth. I don't think there's any growth in the market. We think the market is flat, it not slightly down. Retail advertising was slightly better and recruitment slightly worse in Jan and Feb 1993 than one year before. If we're doing slightly better, somebody is doing slightly worse. We've increased market share in a market which is not doing well," Jim Chisholm, marketing director.

MANCHESTER AIRPORT +7% TRAFFIC

Numbers of passengers starting from Manchester Airport rose 6 per cent in January and February compared with the same months of 1992. But transit passengers - fed in from 19 airports around the UK - were down 25 per cent, suggesting differential demand between the north and more distant parts of the country. International scheduled traffic - an indicator of business travel - was up 7 per cent in the two months.

Welsh tourist boards: In a survey of about 200 hotels, bedspace occupancy was at 19 per cent in January, slightly up from 18 per cent a year before, which itself was 1 per cent up on the previous year.

Torrey in Devon expected to send out 180,000 holiday brochures this year but is already running out.

"We have had a massive increase in inquiries this year - up 18.5 per cent compared with the same time a year ago. After devaluation Britain is clearly a cheap destination compared with abroad," Tim Whitehead, tourism director for Torbay, which includes Torquay, Paignton and Brixham.

Newspaper advertising: Wolverhampton Express & Star. Volumes for January and February 1993, compared with same period of 1992 - retail up 35 per cent, property up six per cent, classified down three per cent, display "single digit increase", situations vacant down seven per cent in January, level in February.

"The ingredients are coming together to show we've turned the corner, but there is nothing dramatic," Bob Hawkins, director.

Steel stockholder -6% SALES

The position is clouded by an attempt to make price rises stick. Sales so far this year are about six per cent below the 1992 first quarter, but have been on a gentle upward trend since last October, deemed to be the bottom of the cycle.

"No one expects things to get worse," Richard Hawkins, executive director, National Association of Steel Stockholders, Birmingham.

Sports Club: Young's Health Studios, Luton, Beds. Membership has fallen by about 8 per cent compared to the same period last year. However, profitability has risen by 25 per cent, primarily because of price increases, and a switch from annual membership.

"People are still spending money at health clubs but they prefer to pay on short-term membership. What worked for health clubs in the 1980s isn't going to work now. People now have more and more time, but don't want to join a health club for a year because they don't know if they will be in work for a year," Andy Young, proprietor.

### LOCAL BAROMETER

Traffic on Forth Road Bridge: The number of vehicles crossing the bridge rose by 5 per cent in 1992 but was almost unchanged at 3.9m in the three months between November and January.

"We had very bad weather and high winds for much of January, but February should show a one and half per cent rise," Jim McCollin at the bridge office.

Armitage Engineering, Washington, Tyne and Wear: Founded 23 years ago, specialises in high specification machining and fabrications. Jan-Feb 1993 order book worse than one year ago. "There's a shortage of work, people are screwing you price-wise, then don't pay you in a reasonable period. There are so many people like ourselves, desperate for business, who will go in a loss leader basis, on the off chance it will lead to further work. We're like a lot of lemmings committing suicide. Profitability? The name of the game is survival. The nicest thing anybody in accounts could ever say to me is: 'you've broken even'," Alan Armitage, MD.

Rigny Maryland, wire manufacturer, Liversedge, West Yorkshire: Its stainless steel wire goes into ropes, cables, knitted mesh and welded mesh. Annual turnover £8m.

"We have had our best January ever with sales revenue up 16.4 per cent on last year. February was pretty good too, with an 11 per cent rise. We exported 40 per cent, but domestic sales are up too. Devaluation of sterling has helped: the Germans cannot compete on prices, the Japanese have almost disappeared out of the market, Korean prices are tied to the dollar and they are struggling. Only the Italians are still in there," Christopher Moore, MD.

Tamar Bridge: The southern link between Devon and Cornwall, which carried 13m vehicles in 1992, carried just one vehicle less in January and February than in the same months last year. "Perhaps someone wasn't feeling well that day."

Severn Bridge between England and South Wales carries up to 17m vehicles a year, three times the amount when it opened in 1967. The toll went up to £3.10 in January. Severn River Crossing took over the bridge last April. "At times traffic is higher than we anticipated and there are indications that traffic growth may be returning."



## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday March 13 1993

# Politics and the markets

THE DAMAGE inflicted on John Major's government by the anti-Maastricht Tory rebels is real enough. But it is questionable whether anyone outside Britain is giving it much thought. This is a month in which momentous events are unfolding across the developed world.

In the US and Germany, important battles are being fought over fiscal policy. The political complexion of France is about to change in the forthcoming election in ways that could have fundamental importance for the exchange rate mechanism and for Europe itself. Italy is being turned upside down by efforts to purge a corrupt political system. In Japan, also beset by scandals, the state of a shaky banking system will be clarified when the fiscal year ends on March 31. It is at that level that the stock market on that date will dictate in good measure the value of bank capital.

More disturbing still is the growing uncertainty over the fate of Mr Boris Yeltsin. Yesterday's nervousness in continental European markets was prompted partly by the fear of what might happen if he goes. Current assumptions about the appropriate level of defence spending in the US and Europe would have to be revised, with obvious consequences for fiscal policy. This thought will no doubt be at the back of the minds of representatives of the Group of Seven, as they consider what to do about Russia this weekend. So political instability is playing a larger role to world capital markets. Once again, the nervousness of British equities yesterday over next week's Budget has echoes elsewhere, especially in Germany. Negotiations between the German government, the opposition and the federal states over the post-unification solidarity pact continue to drag on against a background of declining economic activity, falling corporate profits and labour unrest. With many forecasters expecting economic declines this year of between 1 and 1½ per cent, the fiscal pressure will increase so long as the haggling persists.

## Nationalism in Europe

Also disturbing were the advances made by extreme right republicans in the local and city elections in Hesse last weekend. So far, the lack of a plausible leadership has meant that the nationalist tendency in Germany has seemed less threatening than it might. But nationalism in Europe is set to become more dangerous as long as the European economy remains stagnant.

The key to recovery in Europe lies largely in the hands of the Bundesbank. Members of the

Bundesbank council will once again be under considerable political pressure to reduce rates at their meeting next week, not least because the French franc has been sinking within the Exchange Rate Mechanism. The Bank of France was rumoured to have intervened yesterday to support the franc, and may well have to intervene throughout the period of political uncertainty. The franc could continue to pose problems for Europe's central banks once the elections are out of the way, since the anti-European Gaullists in Mr Jacques Chirac's party will be a more potent force in the National Assembly after the socialist defeat which seems inevitable.

There are limits on what the Bundesbank can do to accommodate the franc, but there is a growing feeling in the markets that it will wish to cut interest rates again in any case for its own domestic reasons. With the German fiscal argument unresolved, the cuts may come more slowly than the rest of Europe now hopes. In the meantime, the French banking system is writing under the pressure of high short term rates.

## Buoyant equities

With so much uncertainty around it, it might seem odd that several of the world's equity markets have been buoyant for so long. The easiest case to rationalise is Japan, where buoyancy in part reflects the flood of public pension fund money that is being pumped into the market before the fiscal year-end in order to help the banks. The movement has become self-feeding, since investors are aware of the importance of a successful market rigging operation to the government. The question is whether the rally will survive into the next fiscal year.

In the United States, market buoyancy appears to reflect extraordinary confidence in President Clinton's budget programme. Despite offering a package of measures that will still leave a substantial structural budget deficit, he has prompted a euphoric rise in bond prices that has also lent support to equities. It may be overdone. Yet the present level of prices also derives backing from a more fundamental factor, namely the penalty incurred by investors who abandon equities or long-dated bonds for low yielding cash and money market instruments. The same thing applies to the UK, where the yield curve has steepened since last autumn, with short term rates substantially below long rates. That is the best reason for thinking that, even if there are short term setbacks arising from political uncertainties around the world, the British market is still in a hull phase.

Next Tuesday's Budget is shaping up to be a real cliffhanger. The pressures on the chancellor have grown, rather than diminished, as his big day has come closer.

The dilemmas facing Mr Norman Lamont would be sharp enough if the Budget were just about the economy. But this year's Budget will be a political occasion of high drama.

After the government's reverses over the Maastricht Bill, Mr John Major will be looking to the Budget to inject new purpose into his embattled administration.

Then there is Mr Lamont himself. He has survived against all the odds since sterling's enforced departure from the European exchange rate mechanism last September. He desperately needs a successful Budget if he is to fulfil his personal ambition of staying at No 11 Downing Street.

A month ago, it would probably have been enough for Mr Lamont to present the Budget as a low-key holding operation that would not upset the prospects for economic recovery and leave big decisions for the first unified taxing and spending Budget in November. But there has been a subtle shift in expectations since then.

As tentative signs of recovery have multiplied, sentiment among City analysts, Tory members of parliament and within the cabinet has swung towards a more radical approach to the UK's economic problems. Every new glimmer of hope about growth has emboldened the supporters of early fiscal tightening to bring the UK's growing public sector deficits under control before election deadlines loom.

Throughout, the Treasury has maintained a Sphinx-like silence. Although the chancellor and other Treasury ministers have been let out of pre-Budget purdah to comment on economic indicators when they offer hope, or in the case of Mr Lamont to host an informal gathering of his colleagues from the Group of Seven leading industrial countries in London, the secrecy surrounding the Budget has been unusually complete.

This may simply mean that the chancellor has as his worst left decisions until the very last minute. But it may also reflect the complexity of this year's Budget judgment.

Rarely can a chancellor have been confronted with such a cacophony of advice as Mr Lamont in the past 10 weeks.

But the bottom line is that nobody has a clear and persuasive answer as to whether recovery is safely under way and can be sustained; whether bank base rates at 6 per cent are at the appropriate level; whether sterling, following its devaluation of about 15 per cent since September, is correctly valued or undervalued; how far the UK economy is operating below capacity; and whether, in the event of recovery being maintained, it will run rapidly into the twin constraints of growing budget and current account balance of payments deficits.

With so much unclear about the economy, it is not surprising that there is even more divergence about the measures that Mr Lamont should announce.

Should he heed those who warn that recovery could be aborted by over-hasty tax increases that would cripple consumer or business confidence? Or, looking to the medium term, should he acknowledge that some of the £37bn of public sector deficit forecast for 1992-93 in the government's Autumn Statement is

Lamont faces mounting economic and political pressures as he finalises his Budget decisions, writes Peter Norman

# The chancellor's big day

structural rather than cyclical and needs to be corrected?

Then again, what instruments should he choose if he takes the path of fiscal tightening? Will he be tempted to extend the range of value-added tax to zero-rated or exempt items, such as food, domestic fuel and power or newspapers and magazines? Or should the chancellor, by tinkering with income tax allowances, thresholds or mortgage interest relief, take back from those middle and upper income earners who still have jobs some of the gains they have made since September through the sharp drop in mortgage rates that has followed the fall in base rates from 10 to 6 per cent?

If he has been wise, Mr Lamont will have stood back from immediate problems and pressures and asked himself where he wants to take the British economy in the medium term. Although current uncertainties might tempt some to caution, next week's Budget offers a rare chance to complete the process of rebalancing economic policy started after the ERM crisis and prepare the UK to compete more successfully over the rest of the 1990s.

The chancellor will have examined the reasons why the recession in Britain has lasted as long as 10 quarters. If he has listened to the Bank of England he will have concluded that debt deflation - the corrosive process of falling asset values undermining enterprise financed on borrowed funds - has been the main culprit.

Mr Lamont will have asked what lessons he should draw from the near doubling in recession of the UK current account balance of payments deficit to £11.9bn last year from £6.4bn in 1991.

The rise of unemployment above 3m in January and the continuing heavy shedding of labour by manufacturers in spite of evidence that companies have withstood this recession in better financial shape than previous recessions will have coloured his judgment. So will the spread of recession to the UK's markets in continental Europe just as consumer demand in Britain may be recovering.

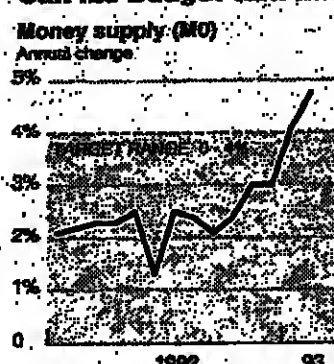
Mr Lamont should regard recent indicators of consumer revival warily. The recent growth of M0, the narrow money measure comprising mainly notes and coins in circulation, at above the government's 4 to 6 per cent target range, and this week's Confederation of British Industry report of further year-on-year growth of retailers' sales in February suggest recovery is taking hold.

But is a consumer-led recovery what Britain requires? Most of the nation's economic problems - the current account deficit, the country's small industrial base, the

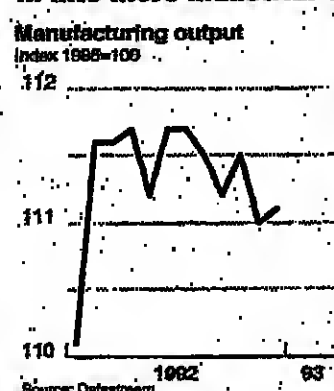
## Lamont's dilemma



## Can his Budget turn nascent consumer recovery



## ... into more industrial output and jobs?



heavy indebtedness of families and the continuing toll of house repossession - reflect too much consumption in the past.

So while nobody should expect the chancellor to stifle recovery, he will want his Budget to set the framework for future, more stable growth. That should mean a Budget for investment, industry and jobs.

If the foregoing analysis is correct, Mr Lamont's first priority will be to ensure that the present 6 per cent base rates can be maintained for an extended period. He may even seek scope for a further lowering of rates to allow the UK's indebted households and companies and battered banks to rebuild their balance sheets.

But low interest rates have to be earned. That means that the government must strengthen the credibility of its commitment to low inflation and its target of keeping underlying inflation in the 1 to 4 per cent target band announced last year.

Mr Lamont will have to pay particular attention to the mood on financial markets. So far, domestic and international investors have appeared relatively untroubled in the face of widespread expectations that the UK's public sector borrowing requirement (PSBR) could reach £1bn a week next year.

But markets are fickle. The City is expecting some good news about the borrowing requirement on Bud-

get Day itself: recent polls of City analysts suggest they expect the PSBR for 1992-93 will be £36bn compared with the £37bn Autumn Statement forecast.

Most City investment houses expect the chancellor will ease the "full funding" rule that at present prevents the government from counting purchases of gilt-edged stock by banks and building societies as contributions to financing the budget deficit.

Yet more than financial wheezes will be required if the markets are to give Mr Lamont their backing. To be sure of the freedom of manoeuvre he needs in monetary policy, he will have to produce a convincing plan to reduce the UK's budget deficit.

This suggests Mr Lamont will have to make a downpayment on deficit reduction next Tuesday. And if he is to fulfil the expectations of parliament and the nation, he will also have to help the unemployed and hold out hope of job creation, most probably through helping small businesses.

These goals are difficult to reconcile. But the chancellor has one card - low inflation - in his favour.

The UK's present lower than expected inflation rate could encourage the chancellor to freeze income tax allowances and thresholds, saving some £750m; increase by more than inflation some excise duties on tobacco, petrol and the vehicle excise duty and extend VAT to some goods and services currently uncovered. Low inflation could give the chancellor the excuse he needs to cut government spending.

But such a Budget would be a grim affair and unlikely to secure Mr Lamont's survival. Hence, speculation has grown that he may have something more spectacular up his sleeve.

With a tax system as complex as Britain's, Mr Lamont has scope to be bold and pull in revenue without raising the present income tax rates of 40, 35 and 40 per cent. One option, with mortgage rates low, might be to prune mortgage interest relief or Miras. Limiting Miras to the 20 per cent tax band would cost households only £10 a month and yet be a big step forward to phasing out a system which distorts the economy. He might also turn the personal allowance - the amount which everyone can earn before paying tax - into a tax credit at the basic tax rate of 25 per cent rather than subtract it, as at present, from gross income in a system that benefits the 40 per cent tax payer.

Such steps would be painful for Tory voters - and could open the government to the charge of betraying the spirit, if not the letter, of the 1992 election campaign. But some of the revenue gained could be used to extend the 30 per cent tax rate beyond its present £2,000 limit, widen the tax-free personal allowance, or provide help to first-time home buyers.

In his previous two Budgets, Mr Lamont has proven to be a master of surprise. In 1991 he increased VAT to pay for a poll tax cut, and in 1992 introduced the 20 per cent tax band. These moves were dictated more by electoral politics than economic considerations.

This year he could again confound his detractors while placing the UK on a sounder footing for non-inflationary growth. If he succeeds, he may be singing in the bath of Number 11 Downing Street for longer than anyone expects.

## MAN IN THE NEWS: Ruslan Khasbulatov

# Textbook leader with a legal brief

John Lloyd on Russia's parliamentary speaker



Yet almost immediately afterwards, in that same period of months in which the Russian government drifted ineffectively and frittered away its store of support, Mr Khasbulatov turned sharply against the government. Mr Yeltsin appointed, especially Mr Yegor Gaidar, the then deputy prime minister who headed the economic reform team. "Little boys who have lost their way" he called them early in 1992 after the liberalisation of prices. At intervals throughout the year, he blasted them, the IMF and

the foreign advisers who were leading Russia to perdition. "Competition," he wrote late last year, "cannot flourish in the present conditions."

Over the past two years, the Supreme Soviets and the Congresses (the first is the small permanent form of the second) he has chaired have become more confrontational and critical of the government and its policies, ministers, presidents, emissaries, even the president himself have been set before a bear pit of angry

questions and derisive baying.

This is not the work of Mr Khasbulatov alone: indeed, there have been times when he has moderated it. Some of the deputies were always ideologically opposed: many more became so. Others are responding to the complaints of their hard-pressed electorates, frustrated by falling living standards and a collapse of their institutions. Mr Yeltsin and his circle have made much of the parliament's origins in Soviet times. There is a good point in this, but it remains argu-

able whether a freely elected parliament would have been more, or less, amenable. What is sure is that it would have depended less on a speaker who is not particularly popular, but whose guile, skill and rhetoric wins cross-factional support.

The economic issue, however, has become secondary to the constitutional one: it has been at the centre of Mr Khasbulatov's concerns for some time. In his writings and speeches, he has increasingly come to see the presidency - and the figure of Mr Yeltsin himself - as at best potentially authoritarian. Parliament, by contrast, because of its "open, public style of working," is a stabilising and democratising factor. "Parliament protects the government from a possible slide into severe, authoritarian methods of rule."

For Mr Yeltsin, by contrast, the imperative has been different: how, belatedly, to press through economic reform? The answer which has increasingly suggested itself to him is through strong presidential rule. But now he has been brought almost to a political standstill by Mr Khasbulatov's Congress.

Thus, this week, these two men confronted each other - past friends and comrades; both poor boys made good under two systems; both ruthless, calculating, bold and limited, at the head of rival and shaky coalitions of political, economic and clan interests.

Mr Khasbulatov, on his home ground, won. On the first day, reacting to Mr Yeltsin's clumsy hints about "special measures," he lambasted the president for "devaluing the existing constitution, destabilising the political situation in the country, even involving the army and the interior and security ministries." Parliament, he insisted from the first, wanted compromise - but "naturally all of this must be on the basis of the Russian constitution and the Russian constitution alone."

He listened, sometimes nodding, as his deputy Mr Nikolai Ryskov told Mr Yeltsin that "he cannot be regarded as someone who is the equal of the Congress: we have no problems with the current division of powers". But it was on the second day, after speeches by Mr Yelt-

sin and Mr Victor Chernomyrdin, the prime minister, demanding more freedom of action and more power, that he let rip with apparently genuine fury.

The president's men were "swaggers before the microphones", the parliamentarians were honest workers. Venomously, he asked Mr Chernomyrdin who was boss in his cabinet, demanded the sacking of Mr Anatoly Chubais, the deputy prime minister for privatisation, threatened to dock ministerial salaries. Off the cuff, sarcastic, outraged, it was a rhetorical tour de force, a pointed contrast to a stumbling Mr Yeltsin.

Finally, yesterday, he saw the apparent climax of his efforts: the passing of a resolution which kills the "devil's work", and puts the president's office at the mercy of the parliament. Yet he also has a confrontation on his hands (which he may not have wanted), Mr Yeltsin, determined on a referendum.

The president's men were "swaggers before the microphones", the parliamentarians honest workers

has ended the unequal struggle and is set to bypass, even to destroy, Mr Khasbulatov's power base. Prolonging the session until today, the speaker warned his colleagues of possible presidential infractions of the constitution. The fight begins in earnest.

In it, both men fight for their political lives. Neither has anywhere else to go, and while Russian politics are theatrical to a fault - with all sides going to rhetorical extremes then often clawing back to the centre to paper over an abyss - there is now no route back for either one, save capitulation. The revolution in which both participated is choking its children. They cannot escape the coils of a system which winds itself around their actions, continuing an apparently indestructible life after its advertised death.

This was the devil's work," said Mr Ruslan Khasbulatov this week of the agreement he had signed with President Boris Yeltsin three months ago, permitting a referendum on the constitutional division of powers in Russia. In three increasingly fertile days in the Congress of People's Deputies, the parliamentary speaker has undone that work - and set devils running in the country whose final destination he cannot know. "Ruslan Khasbulatov intends to concentrate all power into his own hands," said Mr Vyacheslav Kostikov, Mr Yeltsin's acid press secretary yesterday. "We are on the brink of 'All Power to the Soviets'."

"Khasbulatov wants to retire us," said a government minister on Thursday after the speaker had threatened to cut off ministerial salaries. "He should be thinking about his own pension soon."

The man who occupies the parlia-

He called the government appointed by Mr Yeltsin 'little boys who have lost their way'

mentary chair embodies many of the contradictions which run through Russia: a state which has shed an ideology of communism while being unable to give up its habits and systems, so ingrained have they become. Speaking in the name of the popular will, he has a popularity score (in the most recent poll from the Public Opinion Research Centre) of only five, less than a quarter of the much-diminished 22 scored by Mr Yeltsin.

Standing on the grounds of democratic order, he owes his position to a Soviet-era constitution and his authority over the parliament to the pre-democratic factional soup which is its politics. Seeking to embody Russia, he is a Caucasian from Chechnya, an autonomous republic which has declared its independence from the motherland and which has disowned him as one of

Gov  
A  
Liberal D  
consisten  
Not so cra



# Governor throws down the gauntlet

Patten's decision to proceed with democracy legislation has shocked China, say Simon Holberton and Edward Mortimer

For the Chinese leadership sequestered in Zhongnanhai, Beijing's Kremlin, the decision by Governor Chris Patten of Hong Kong to proceed with publication of his democracy legislation must have been profoundly perplexing.

Previous governors, who were senior Foreign Office officials, and their masters in Whitehall had always taken care to clear in advance any changes in Hong Kong's political arrangements. Beijing, as Mr Qian Qichen, China's foreign minister, confided recently to a group of sympathetic Hong Kong politicians, has always known that if it stands firm Britain will back down. When Britain did show signs of independence, it had to be punished, Mr Qian said.

Beijing's leadership was already seriously angered by what it saw as Mr Patten's insubordinate behaviour last October when he announced the outline of his proposals for Hong Kong's 1996 elections – the last to be held before the Chinese takeover in 1997. They disliked both his ingenious exploitation of loopholes in their own Basic Law for Hong Kong to introduce a much broader franchise than they had envisaged, and the fact that they were not first consulted.

His "punishment" of Mr Patten was played out in November and December when China threatened the validity of contracts which span the 1997 transfer of sovereignty. Beijing also attacked Jardine Matheson, the trading house,



and tried to scare Hong Kong's civil servants by raising questions about their future pension entitlements. This produced a sharp fall in the stock market and business antagonism towards Mr Patten, but not a British back-down.

Earlier this year China changed tack, perhaps thinking that where sabre-rattling had failed diplomacy would succeed. Informed by Mr Douglas Hurd, Britain's foreign secretary, on February 8 that Mr Patten was about to proceed with publication of a bill to give effect to his proposals, China's Mr Qian replied, one day before the February 12 deadline, that Beijing was prepared to talk.

During February and this month, Mr Patten put off publication of his bill on four successive occasions as London and Beijing wrangled about the precise terms on which talks could be held. The stock market went up again while the hearts of Hong Kong's liberals – supporters of Mr Patten's reform package – slowly sank.

By last weekend some of those who had been among Mr Patten's most vocal supporters were suggesting that he was just another British governor who would end up dancing to Beijing's tune.

But yesterday Mr Patten delighted them and must have shocked the decision makers in Beijing, by showing that he did after all have what he likes to call a "bottom line". Put simply, he and the British government were not prepared to let China dictate the composition of his team for the proposed negotiations between the two sides.

China refused to lift its objection to two ethnic Chinese Hong Kong civil servants being part of the team, one of whom already has participated on numerous occasions in Anglo-Chinese talks. China also sought to amend a previously agreed text of the announce-

ment the two sides would have made once the date of any talks had been fixed.

As one senior British official admitted yesterday: "The Chinese may have got trapped by a device which was shoved into the negotiations by some of those who did not want talks, and then suddenly found themselves confronted by problems of face in scrapping that device."

The most likely candidate for the role of spoiler is Mr Zhou Nan, director of the New China News Agency, Beijing's unofficial embassy in Hong Kong. Mr Zhou's deputy said yesterday Mr Patten's announcement would "make talks impossible". Britain, he said, had "ruined the chances for talks" and it showed Whitehall had no sincerity.

The first reaction from Beijing itself echoed the point about lack of sincerity, though attributing it to the governor personally, but merely added that it "creates difficulties" for the resumption of talks. This may reflect the more moderate line associated with Mr Lu Ping, head of the Chinese government's Hong Kong and Macao Affairs Office.

If it is true, as some in the Hong Kong government think, that most of the principal Chinese decision makers are anxious for an agreement with Britain, they could be expected after a brief display of indignation to return to the quest for talks. Mr Patten stressed in his speech yesterday that he remains ready to talk to China.

The same British official admitted, however, that it might be easier for the governor to carry public opinion with him if his proposals were made more acceptable to China in the course of debate in the Legislative Council (LegCo), than if he has to persuade the council to accept amendments agreed in secret Anglo-Chinese talks in Beijing.

Mr Patten's preference would

be to satisfy the calls from local liberals, such as Mr Martin Lee, leader of the United Democrats, to introduce his bill into LegCo sooner rather than later. In the normal course of events a bill published in the gazette – as Mr Patten's democracy bill was yesterday – would be tabled in LegCo the following Wednesday. Mr Patten refused yesterday to commit himself to such a tight timetable, but his officials indicated he would be unlikely to wait more than a few weeks for a favourable Chinese response.

If such a response is forthcoming it will indicate that China has recognised the need to soften its position in response to Britain's tougher stance. But it is equally likely that Beijing will conclude that such a "provocation" calls for even sterner punishment.

In this case Hong Kong could be in for a very rough time over the coming months, as investor confidence would be shaken. Important projects, such as the HK\$17.5bn (\$15.5bn) airport and the further development of the colony's container port, would have to be kept on hold.

Mr Patten is convinced that the people of Hong Kong want a chance to participate in shaping their political future. Their representatives in LegCo will have to evaluate the consequences of this unprecedented contest of wills between an economically resurgent but politically uncertain China and a Britain, in economic and imperial decline, which belatedly has decided to stand up.

# Fortune favours the big

Alan Cane on the effects of a computer price war

Compaq, the personal computer manufacturer, cut the cost of its products in the US this week, signalling another round of blood-letting in a price war which is devastating the industry.

Victims include comparatively well known names like Everex of the US, now protected by the provisions of the US bankruptcy code.

By the end of the year many smaller suppliers are expected to find themselves in equally dire straits, leaving the pc business essentially in the hands of the industry giants – IBM, Compaq, Apple and Dell.

Computer buyers, on the other hand, have never had it so good. A colleague seeking an economical computing package to handle the business of his local parish, was quoted \$1,760 for a powerful pc complete with ink jet printer and office software. Over two weeks, the price was reduced by \$200.

In the US, the cheapest of Compaq's pcs now sells for \$1,100. In the UK, Vtec, a supplier from Hong Kong, sells a similar machine with sophisticated software for £1,099. Prices for machines of equivalent power would have been over £2,000 only a few years ago.

Industry observers are not yet decided whether such price cutting can confine. Some argue that it is unrealistic to expect prices to fall further, but that additional features will be included at the same price. Software, for example, can be included as part of the deal. Sold separately, the Lotus software included with Vtec's £1,099 package would cost the customer about £700. Vtec is able to offer such a deal because, for substantial volumes, software can be bought from software suppliers very cheaply.

Other analysts suggest that at least two more rounds of cuts equivalent to a further 25 per cent decline in prices can be expected.

In the short term, however, further falls are unlikely in the UK, where the fall in the value of the pound is already forcing some smaller pc manufacturers to raise prices.

But over the next few years, for the international market as a whole, the most likely outcome is that the pace of price cutting, running at some 40 per cent a year, will slow sharply but that prices will continue to fall.

The decline in prices is already prompting a shift in the balance of power in the industry. In particular, the excess of "no-name" clone makers, is being reversed. No-name companies, manufacturers with little track record in the computer business, had been taking market share from established suppliers, selling copies of IBM's standard design at a substantial discount. Vobis of Germany, for example, grew from nothing to take 4 per cent of the European market last year, selling 368,000 machines, according to the market com-

sultancy InfoCorp.

The reversal of the trend can be dated to June 15 last year when Compaq, world leader in high-performance pcs, launched a range of machines priced only slightly higher than the no-name competition.

Given the choice between a machine from an anonymous manufacturer and a Compaq for only a few dollars more, customers opted enthusiastically for the branded product. Compaq, found itself unable to meet orders. "We thought demand might double," says Mr Joe McNally, managing director of Compaq's UK subsidiary. "In fact it quadrupled and at one stage you had to wait six to eight weeks for delivery." Compaq's initiative was swiftly matched by IBM, which launched its own low cost "Value Point" computers.

The market has been boosted as a result. According to Mr Gordon Curran of InfoCorp, most pc dealers in Europe, with the exception of the UK, saw sales in the first six weeks of the year increase by about 10 per cent compared with the same period last year.

Availability has become an important new consideration; many manufacturers failed to anticipate the demand for new, cheaper products and found themselves short of stock. The problem has been exacerbated by shortages of components, including flat, liquid crystal screens for laptop computers and some varieties of the Intel microprocessor chip at the heart of the majority of pcs.

Clone makers are being squeezed from two directions. From one side, they are finding it difficult to meet the challenge of the big brands now their price advantage has been pared away.

From the other, unless they have a strong relationship with Intel and other suppliers, they will be forced to buy critical components on the open market. A high-performance chip which a large manufacturer can buy in bulk at \$60 a piece could cost \$100 to \$500 a piece in the market, if it can be obtained at all.

It all adds up to a grim outlook for clone manufacturers. They will see their bigger competitors increasingly regain control of the market for both sophisticated personal computers able to take the place of minicomputers and for low-cost systems, which will be bought by large organisations, small businesses and individuals for home use.

It is no coincidence that Digital Equipment, the world's largest minicomputer maker, is redoubling its efforts in pcs with the aim of being one of the world's five top suppliers by 1995. Nor is it surprising that Olivetti, Europe's biggest pc manufacturer, is preparing to launch a new range of machines with which it hopes to steal Compaq's thunder. Mr Gerardo Passera, Olivetti managing director says: "Price war is the name of the game and we are ready to play it."



A year ago, South Central Los Angeles burst into arson, looting and killing after the surprise acquittal last April of four white police officers accused of brutally beating Mr Rodney King, a black motorist.

Last week, in a federal courtroom a few miles away in downtown Los Angeles, Mr King took the witness stand in a second trial of the same officers on slightly different charges.

It is scarcely surprising that city officials are nervous about the outcome of the case, and of the imminent trial of the four black men who attacked Mr Reginald Denny, a white lorry driver who found himself in the middle of the riots last year.

But some in Los Angeles's diverse and divided communities almost wonder if they need another riot, so inadequate has been the response from government, at any level, to six days of mayhem that left 42 people dead and 700 businesses burnt to the ground.

"The Los Angeles riots were supposed to be a wake-up call. I am beginning to be afraid that people have put it on snooze control," says Ms Dolly Gee, a labour lawyer active in the Asian American community.

Much of the attention in the days after the riots subsided focused on a private sector initiative, Rebuild LA, set up by Mayor Tom Bradley under the leadership of Mr Peter Ueberroth, who organised the 1984 Los Angeles Olympics and whose reputed Midas touch raised high expectations.

Rebuild LA's leaders acknowledge that visible results have come slower than many in the community would have liked.

"We call ourselves Rebuild LA and people say: how come you haven't rebuilt the place on the corner," says Mr Barry Sanders, a senior partner with the Los Angeles law firm of Latam & Watkins and one of Rebuild LA's co-chairmen.

Rebuild LA has cajoled well over \$300m of investments out of companies in the Los Angeles area and beyond. Shell, for example, succumbed to its persuasion to rebuild its burnt petrol stations.

But Rebuild LA itself merely emphasises to many the abdication of responsibility by government.

"Most of the strategy and a great deal of the commitment is coming from the private sector, which is marvellous, but it has to be matched by serious legislative reform," says Dr Kathleen Connell, an academic and investment banker who chairs Rebuild LA's business investment

One year after the LA riots, there is anger at the government's inadequate response, writes George Graham

# Still asleep after the wake-up call



LA's riot damage is being tackled by private-sector initiatives such as Peter Ueberroth's Rebuild LA

task force. Community activists have for years criticised the federal government for its failure to come to the aid of the struggling inner cities. But what is most striking today is the extent to which their anger is now shared by businessmen, who never before came closer to South Central than a concert at the Los Angeles Coliseum.

"It is most disheartening. Everybody says this was the worst riot in the history of American and what has the government done about it? The city has done nothing, the state has done nothing and the federal government has done nothing," complained a senior executive at one big Los Angeles company.

The riots came at the worst possible time for government to respond. Even in the years of rapid economic growth in the 1980s, the inner city stagnated. With the recession, deeper and longer in California than any other state in the US, incomes have declined and unemployment has risen. As a result, more than 18 per cent of the citizens of Los Angeles now live in poverty.

But the recession also dried up tax revenues, forcing cuts in public expenditure. Governor Pete Wilson proposes to cut state spending by 11 per cent this year, with education, health and welfare services hardest hit.

"Just the time you need government to respond coincides with the time they don't have the resources," says Mr Sanders.

But "we would if we could" no longer cuts much ice with the many Angelenos who see an abject failure of political will at all levels of government: Washington playing election year games with an urban aid bill that never passed into law, Sacramento paying its bills with IOUs in a two-month budget deadlock, and Los Angeles plunged into a political vacuum with the retirement of Mayor Bradley after 20 years in office.

Beneath their anger and frustration many Angelenos still believe their city has, despite all, a bright and prosperous future. Some of the most optimistic are the new immigrants who continue to flock to the city from Asia

and Latin America. The nagging doubt remains, however: is this sprawling metropolis, its 9m inhabitants divided by language, culture and income, now too big to be governable?

Moves to break up the Los Angeles School District are already gaining ground, and a few brave souls have even suggested dissolving the city itself.

Los Angeles's borders defy logic. From its centre 15 miles inland, the city has thrown out tentacles, reaching south along a narrow, 20-mile corridor to its harbour and encircling the independent cities of Beverly Hills and Santa Monica to the west. In 1918 it swallowed whole the San Fernando valley to the north, as a by-product of a grandiose scheme to divert the waters of the Owens River, 260 miles away on the other side of the Sierra Nevada.

Los Angeles's city charter, too, is a historical relic: a well-intentioned reform from the 1920s which has led to administrative chaos.

"The central weakness of the charter, of which we are daily reminded, is

that its extreme vigilance in protecting citizens from potential abuses of power makes the exercise of effective power impossible," says Ms Alexandra Kayden, a prominent advocate of charter reform.

The city council has only 15 members, each of whom holds de facto veto power over affairs in his or her own district. This leaves the mayor as the only elected official with a city-wide perspective. But the mayor's power is diluted and shared with 51 semi-independent commissions, running everything from the animal shelter to the airport.

"I would rather give birth to a porcupine backwards than become the mayor of Los Angeles," said Mr William Mulholland, the engineer who, as head of Los Angeles's water department from 1886 to 1928, laid the foundations for the city's development.

This did not deter 52 people from announcing their candidacy to succeed Mr Bradley, although only 31 of them have qualified for the April 20 ballot.

Most proposals for reforming the city's government would concentrate more power in the hands of the mayor, enlarging the council, weakening the commissions and giving him the power to sack department heads.

A strong new mayor, even without such reforms, could exert personal leadership, as many argue Mayor Bradley did, at the beginning of his two decades in office. But for the moment, that leadership is not evident.

Some community activists, however, see a silver lining to the government's inactivity. In particular, it has spurred residents to take matters into their own hands in a somewhat perverse form of the "empowerment" beloved by politicians from right and left.

An encouraging sign was the truce declared by leaders of the Crips and the Bloods, two of Los Angeles's most notorious gangs who also demanded more funding for schools, better street lighting and sanitation, and a thorough overhaul of welfare programmes. "After the riots, people now have less tolerance for neglect," says one Los Angeles council aide, noting a surge in demands for proper street cleaning.

Will that agitation get the streets cleaned and lift the answer may help determine whether Los Angeles succumb to its welter of economic, racial and social problems, or develop into the vibrant metropolis that many of its inhabitants believe it can still be.

## Liberal Democrats show consistency on Maastricht

From Mr Charles Kennedy MP.

Sir, Your leader "Major must persevere" (March 10) is wrong to accuse the Liberal Democrats of having become "shameless opportunists" over the progress of the Maastricht Treaty ratification legislation.

We have been principled and consistent throughout. Last November we supported the government over the "paving motion" debate; subsequently, unlike the Labour Party, we have been willing to vote with the government over key procedural votes which have made possible the passage of the Bill. In several of these divisions our votes have been essential to secure progress.

We have made clear from the outset our ambition to see Maastricht improved in two particular respects – viz, reversing the UK opt-out over the social chapter and winning greater institutional democracy at all European levels. Monday's vote was consistent with the latter objective.

The real "blame for delay" rests with a prime minister who has been too timid for too long in seeking to face down his rebels. This week's setback is a failure of coherent Tory government, not constructive Liberal Democrat opposition.

Charles Kennedy, House of Commons, London SW1A 0AA

## Not so crazy about it either

From Mr Peter J Timmons.

Sir, My sincere thanks to Malcolm Rutherford, who has restored my faith in drama critics. He alone was not caught by the hype surrounding the opening of Crazy for You, and gave the only honest review I have read of this lamentable show which, for

some strange reason, seems to be receiving considerable backing from Radio 2. Is this really the purpose of Britain's national radio station?

Peter J Timmons, Wicken House, Brightling, Robertsbridge, E Sussex TN32 5BJ

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Taurus the victim of unclear objectives

From Mr Derek H Broome.

Sir, The Taurus fiasco ("Stock market chief quits over Taurus", March 12) shows the folly of trying to implement complex information technology projects without clear objectives related to requirements of the end customer.

In this case vested interests, particularly registrars with jobs on the line, appear to have

been most in mind. Any first year computer student knows the problems involved in splitting up databases without real need. William of Ockham had it right first time – Keep it Simple, Stupid!

Last July we changed our bank, and produced 30 or so unnecessarily complicated transfer forms on our own computer for the appropriate

registrars: we are still fielding payment errors. Separate registrars are redundant in such a system; the whole process should be centralised and payment instructions altered on the authority of the registered beneficiary without the need for all trustees to sign.

National Savings are much better organised and far less costly and bureaucratic, and

we had few problems with other government departments.

Smaller private investors without their own administrative back-up should steer clear of the stock market – with or without Taurus.

Derek H Broome, Potters End, Meers Ashby, Northampton NN6 0DZ

## Cost of marketing PEPs inevitable – as is cost to clients

From Mr S M C Kelland.

Sir, Philip Coggan ("The high costs of 'good' advice", March 6) examines three PEPs recently launched by Fidelity, M&G and Cazenove and concludes that M&G "is not being greedy" with its high charging structure – it's just that it has to pay commission to intermediaries.

You may think it odd then that M&G still attracted more money directly from the gen-

eral public than Cazenove with much lower charges. The reason is that M&G had a much larger marketing campaign to promote its PEP and the costs are of course borne by the client. There is no point in launching a new product unless people buy it; therefore, unless a company like Cazenove can promote its product more cheaply through favourable press comment or existing discretionary clients then it

has to advertise, direct mail or pay commission to intermediaries.

His argument that intermediaries should recommend Cazenove over M&G on a pure charging structure is absolutely right. However, he fails to mention that if we did then by the time our fees had been removed the client would be in exactly the same situation. After all, we have to pay for our own marketing costs as do

M&G and Cazenove.

Mr Coggan states that the FT would much rather see fee charging financial advisers and I can assure you that I would as well. However, the average member of the public is still not ready to pay fees in the same way that they do for accountants and solicitors.

S M C Kelland, Kelland and Partners, 67 Lifford Place, Clifton, Bristol BS8 3LX

## Bill and Hillary, maybe – but not President Chelsea

From Mr Abdulrahman Abdi.

Sir, Michael Thompson-Noel, whose columns I enjoy, quotes himself (Hawks & Handbags: "A word from your clutter buddy," February 27) as telling President Clinton: "You could be in the White House for eight years. After that, Hillary Rodham Clinton could be president, followed by Chelsea (who will presumably rule the country from 2008 to 2016). We are talking 2016, William."

While it is quite possible that Clinton may get re-elected in 1996 and that his wife, Hillary, may also run the White House for two terms after he leaves office, it will be impossible for Chelsea to get elected in 2008! Why? Because she is only 13

years of age and will be 29 by the time both her father and her mother served two terms each and left office. And our constitution does not allow the election of 29-year-olds to the Oval Office. It says: "Neither shall any person be eligible to that office who shall not have attained the age of 35 years."

Mr Thompson-Noel, who told us that he paid a visit to California and read light material (like The New York Times and a Joseph Wambaugh novel) should have picked up a cheap paperback copy of the US Constitution.

Abdulrahman Abdi, 6022 Westchester Park, College Park, Maryland 2074, US

## Discrimination is a disgrace

From Mr Onesimo Alvarez-Mora.

Sir, Re Adriana Pulido's defence of the Venezuelan Embassy's lunches at the Garriick (Letter, March 11). It is nice of the Garriick to do women the favour of accepting their presence, when it sells space for special occasions.

Nevertheless, the discrimination against women which the Garriick represents is a disgrace. Neither Ann Coffey, the Labour MP, nor the Venezuela government, should be seen groveling to the Garriick.

Onesimo Alvarez-Mora, Ponce de Leon 2, 28012 Madrid, Spain



## COMPANY NEWS: UK

# SmithKline Beecham suffers double blow

By Paul Abraham

SMITHKLINE Beecham, the Anglo-American drug group, received a double blow yesterday.

First, a US food and drug administration committee refused to recommend Kytrel, one of its most promising drugs. And secondly, a study was published suggesting that Seroxat, its anti-depressant which analysts believe could reach sales of more than \$1bn (£700m), was no more effective than earlier and far less expensive medicines. SB's shares fell 21½p to 469½p.

The study, published in yesterday's British Medical Journal, analysed 58 trials to compare old anti-depressants called tricyclics with a new generation of anti-depressants called selective serotonin reuptake inhibitors (SSRIs).

These include SB's Seroxat, Eli Lilly's Prozac, and Pfizer's Zoloft.

The analysis suggested that SSRIs were no more efficacious than older and cheaper tricyclics. SSRI manufacturers have

never claimed this, but have argued their drugs were more effective because they generate fewer side effects. This allows more patients to continue taking their medicines.

However, the study claimed that 32.3 per cent of patients on SSRIs dropped out of the clinical trials compared with 33.2 per cent on tricyclics.

SSRI manufacturers had previously claimed there was a 10 per cent difference in drop-out rates, said Mr Nick Freeman, research fellow at the Nuffield Institute for Health at Leeds University and co-author of the study.

If that had been true, then the extra cost of SSRIs would have been money well spent. A tricyclic can cost only £1.43 for 30 days treatment, compared with up to £35.50 for an SSRI. The only sales point left to the SSRIs was that they were less toxic than tricyclics, said Mr Freeman.

About 400 suicides a year are related to anti-depressants, he added.

The study concluded that first line treatment of depres-

sion using SSRIs may greatly increase cost with only questionable benefits and that the drugs should not be routinely used as a first-line treatment for major depression.

In the US, the FDA's gastrointestinal advisory committee were unable to recommend approval of Kytrel, because of potential carcinogenic and cardiovascular side-effects.

Mr Bob Bauman, SB chief executive, said the committee had not felt competent to comment on these issues. The drug is used to prevent nausea in cancer patients receiving chemotherapy.

"We are confident we can resolve these issues with the FDA," he said. "We have already satisfied 20 countries about the safety of this drug. There is no avoidance in humans of carcinogenic side-effects."

Kytrel had worldwide sales last year of \$55m. Glaxo's equivalent drug Zofran has been licensed in 63 countries and generated worldwide sales of £163m during the last six of 1992.

## Clark board considers bids

By Peggy Hollinger

THE BOARD of C&J Clark, the family-owned shoe manufacturer, met yesterday to consider several bids for the company, believed to be placed at between £150m and £160m.

A decision on which offer will be recommended by the board is expected to be announced in about two weeks, along with the group's annual results. These are expected to show a slight improvement.

One bidder is a consortium of investors including existing institutional shareholders and Electra Investment Trust. Other interested parties are believed to include FTI, the UK footwear manufacturer, and Berisford, the food and property group.

Neither Berisford nor FTI would confirm or deny involvement in the bid process. Electra was unavailable for comment.

Speculation has centred on offers of between 150p and 210p per share. At 200p, Clark's would be valued at £154m.

C&J Clark put itself up for sale in December following an acrimonious boardroom row over development strategy. The dispute was triggered by a bid approach from consultant Mr Colin Fisher and backed by Electra.

The four board rebels - led by Mr Lance Clark - who sought to unseat the chairman Mr Walter Dickson and director Mr James Power last year are expected to oppose a sale unless the price comes in at the top end of the range.

It is believed they want to retain family control of the business, but would be unable to refuse a high enough price. The decision to put the company on the open market was part of a trade agreement with the rebels last October.

The bid process began in December when Clark's set up a committee to review offers. Clark's said the board had met five potential bidders. However, sources close to the tender said that only three bids had been tabled.

It is known that many members of the 500-strong Clark family, which controls 70 per cent of the private group, would be keen to sell their shares. Many of them, dependent for their livelihood on the company's dividend payments and hard hit by Lloyds' losses, were shocked when depressed trading and losses forced the group to slash the interim payout by 50 per cent.

In the six months to July, Clark recorded a £3.5m pre-tax loss on sales of £285.1m.

## Buy from Heywood will lead to bigger share of the UK market

### Pilkington expands via £95m purchase

By Maggie Urry and Andrew Taylor

PILKINGTON, the glass group, is paying £95m for the UK and Irish glass processing and distribution business of Heywood Williams, the building and automotive components distributor.

Pilkington said the purchase would give it vertical integration in the UK similar to the pattern in continental Europe. The acquisition follows the 1990 purchase by St Gobain, the French glass maker, of Solaglass, the second largest UK glass distributor.

The deal, on which Heywood's shareholders will vote on April 1, has many attractions for Pilkington. It would gain a leading 24 per cent of the UK distribution market, letting it meet new products directly with customers and improve manufacturing capacity utilisation.

It would also enable Pilkington to use some of its unrelieved advance corporation tax, and would immediately enhance earnings. Pilkington's shares rose 7p to 108p.

However, analysts said the price was high, and feared that although Pilkington would increase its sales to the Heywood business it could lose sales to competitors.

Mr Roger Leverton, Pilkington chief executive since last



Roger Leverton: tie-up may upset some of our customers

July, said the group's lack of control of distribution had put it at a disadvantage in the UK market.

If the deal goes through, the Heywood business would increase its glass purchases from Pilkington from the current 50 per cent to 100 per cent. This would lift Pilkington's capacity utilisation in the UK to around 95 per cent.

Mr Leverton admitted that the price Pilkington was paying showed that Heywood

"understood the strategic importance to a glass manufacturer of gaining control of distribution. But he said the merger benefits would in effect halve the p/e Pilkington was paying."

The businesses being acquired were making an "ongoing" profit for 1992 of £5.2m. The added benefit of an 8 per cent rise in the glass price from February 1, which Mr Leverton said was "absolutely sticking", would give an exit p/e of around 17 before the

merger benefits. Mr Ralph Hinchliffe, executive chairman of Heywood, said the structure of the UK glass market had changed radically in recent years, influenced by glass prices down over 30 per cent since 1988, higher imports and St Gobain's acquisition of Solaglass.

"We came to the conclusion that the business under our ownership was unlikely to return to satisfactory levels of profitability," said Mr Hinchliffe.

Mr Leverton was conscious that customers of Pilkington which compete with the Heywood businesses could be upset by the tie-up. He said the operation would be run on an arms length basis.

"About 50 per cent of the market is still held by independent buyers who buy a lot of glass from Pilkington. We must ensure that they can live comfortably with us," he said.

The deal would involve a goodwill write-off of £32.6m, and would be financed by debt. This would increase Pilkington's gearing from 80 to 90 per cent, Mr Leverton said.

However, Pilkington expects to recoup "significantly more than £95m" from the sale of its US spectacle lens business. See Lex

## Airtours buys more shares as largest Owners holder accepts

By Richard Gourley

AIRTOURS, the holiday company, yesterday continued to buy shares in Owners Abroad, the rival holiday company for which it is making a £294m offer ahead of next Tuesday's close.

Airtours' shares rose 6p to 339p yesterday, allowing the company to buy shares in the market at up to 150p, and taking its total purchases in the last two days to 7.13 per cent of Owners.

Airtours is allowed, under takeover rules, to buy in the market up to a price equal to the value of its paper offer, which at the close last night was 149.3p.

It also emerged yesterday that Mercury Asset Management, Owners Abroad's largest shareholder, had accepted the

Airtours offer. After purchases of 400,000 shares on Thursday at an average price of 141.5p, MAM holds a 15.04 per cent stake.

The pivotal shareholder is now Phillips & Drew Fund Management, which has been buying shares since the bid was launched, and controls about 10.3 per cent.

City observers said yesterday that Thomas Cook, the travel agency which is hoping to form a commercial alliance with Owners Abroad, could still block Airtours' bid by buying shares in the market next week.

Last Monday, Thomas Cook made a tender offer for 12.5 per cent of Owners Abroad's shares at 150p conditional on Airtours' bid failing. Instead of strengthening the Owners' case, the move was broadly

greeted as irrelevant, particularly as Airtours' share price continued to climb.

A purchase in the market by Thomas Cook would be doubly effective if the shares were bought from an Owners Abroad shareholder that might have otherwise accepted the Airtours offer.

Airtours' brokers said last night that they were pleased with the purchases in the market, even though there had not been enough sellers at 150p to allow purchase of the 10 per cent stake it is allowed to buy under takeover rules.

Mr David Crossland, Airtours chairman, said he was confident last night but added: "This is a close run thing. Where would Owners' share price be without the bid? I am urging shareholders to accept now."

## Few sales of Isosceles debt

LENDERS to Isosceles, the Gateway food retail group in the middle of restructuring talks with its banks and shareholders, are finding little success in selling debt in the secondary market, traders said, writes Maggie Urry.

Although many deals have been mooted, at prices around half face value for the senior debt, few trades have been completed, one New York based dealer said. Estimates were that about £20m to £30m of the £1.05bn of senior debt had been sold.

The company said it had not been notified of any debt assignments. Buyers could, however,

purchase a "sub-participation" in a loan which would mean the original bank would still be regarded as the lender.

One banker involved in the refinancing talks said that anyone buying the debt was taking a risk since the form of the restructuring was still not agreed.

Bankers said the Isosceles talks were progressing and they hoped to agree the refinancing in principle by the end of the month. Isosceles has a standstill agreement with its banks until May 28, though one said "this could always be extended".

## Huntingdon shares fall 22% on profits warning

By Paul Taylor

SHARES in Huntingdon International Holdings, the life sciences and engineering services group, fell by nearly 22 per cent yesterday after a profits warning and the announcement of a rationalisation of its US-based engineering and environmental services group.

The shares closed 45p down at 163p. Huntingdon said that trading conditions for the US companies were now even worse than when it announced its first quarter profits of £23.7m last month. It further reduced its profit expectations for the second quarter.

At the time of the figures announcement it blamed continuing weakness in the US economy and abnormal weather.

Huntingdon is closing 10 of the engineering and environmental services' 80 US offices "as a result of a strategic

review of the company's US businesses, and in the light of the continuing decline in some areas of the US construction and environmental markets."

The construction sector has historically contributed more than 50 per cent of the company's US revenues. The costs, estimated at £3m per 2.5p per share, will be taken as an exceptional charge in the present quarter, and is expected to result in an after-tax loss. In last year's second quarter pre-tax profits were £3.37m.

An improvement in US trading was not expected until a general revival in the economy reached the construction industry.

However, the management said that the performance for the rest of the year to September 30 should be ahead of last year, helped by the continuing strong performance of the life sciences group and the Travers Morgan consulting engineers.

## Church rises 11% despite Canadian difficulties

By Catherine Milton

CHURCH & CO, the shoe maker and retailer, yesterday announced pre-tax profits up almost 11 per cent from £1.7m to £1.9m for 1992.

The improvement comes against a background of "exceptionally difficult trading conditions", particularly in Canada, the company said. There, turnover increased by 11 per cent while operating losses grew to £455,000 (£54,000).

Mr John Church, chairman, said: "The devaluation of sterling will help us because we are so heavily involved in the export game."

The final dividend is held at 9.5p for a maintained total of

12.5p, uncovered by earnings per share of 12p (11.6p). Group turnover increased 5.5 per cent to £58.9m (£55.2m) and operating profits were little changed at £3.16m (£3.17m). Net interest payable fell from £1.26m to £1.09m.

The group said it was pleased with the performance of its UK retail and manufacturing operations. Margins rose to 7.5 per cent (6.2 per cent) and turnover advanced to £49.2m (£48.3m). US losses rose to £58,000 (£15,000).

A Jones & Sons, Church's wholly-owned subsidiary, lifted pre-tax profits to £569,000 (£590,000). Turnover increased to £30.1m (£28.7m). The dividend is again 34.1p, from earnings per share of 37.6p (27.3p).

## British Gas uncertainty behind Victaulic fall

By Roland Rudd

UNCERTAINTY over the future of British Gas was behind Victaulic's 5.4 per cent fall in pre-tax profits for the year ended to December 31.

Profits at the pipes and fitting maker fell from £14.32m to £13.55m on reduced sales of £101.2m (£114.8m).

The company's main market with British Gas has suffered from the uncertainty over the future structure and ownership of the pipeline network. Mr David Stewart, managing director, said British Gas had cut back on all discretionary spending on the network unless there was a pay-back within a year.

"There has also been a squeeze on costs because of the pricing formula on domestic gas," Mr Stewart believes the

uncertainty will continue after publication of the Monopolies and Mergers Commission report into the future of British Gas. "I do not think we will see any benefits until 1994" said Mr Stewart.

In the group's other main market, there was a reduction in the level of refurbishing distribution mains in the water industry. However, the company benefited from the increased penetration of the market by polyethylene pipe. Linde International, which sells and designs specialised construction products, was bought from the receiver of Henry Barrett Group for £4.8m.

The group still ended the year with net cash of £6.2m. Earnings per share fell to 20.3p (£21.25p). The final dividend is increased to 5.5p (5p) giving a total of 7.8p (7.35p).

## Disgruntled franchisees consider action

By Paul Taylor

Disgruntled franchisees have met to consider what action they can take after Mr Howard Hodgson, the former chairman of funeral parlour group, PFG Hodgson-Kennon International, called the receivers into his latest business venture.

Receivers were appointed early last week to Frontac, a year old franchise operation, which provides a computerised book-keeping and management accounts service to small businesses through a network of 85 franchised outlets.

Subsequently, Mr Hodgson called the receivers into Hodgson Securities, a holding company, after months of difficulties with trading companies in the group including Frontac.

The franchisees, who paid between £12,000 and £17,000 for a franchise package and then claim they spent many thousands of pounds more trying to secure a client base, were angry that they had been kept in the dark about the company's problems.

Over half of them met on Thursday to consider what action they should take. They claim that Mr Hodgson and his fellow directors failed to provide them with the marketing expertise, a computerised accounting package, the support of a network of qualified accountants which they had been promised.

## EFM Dragon bid forces change at Drayton Asia

By Philip Coggan, Personal Finance Editor

DRAYTON ASIA, the far eastern investment trust, is giving its investors a choice between a unit trust or a new split capital investment trust.

The proposals are designed to defeat an all-share bid from EFM Dragon, a rival trust. Those who choose the unit trust, Invesco MIM's South and East Asia Growth Trust, will be able to realise their holdings for cash at about 95 per cent of the diluted net asset value of Drayton Asia.

The proposed split capital Asian investment trust will have ordinary shares, zero dividend preference shares and warrants. Investors will be able to choose between a package of the three or a combination of shares and warrants. The trust will be managed by

Invesco MIM for a fee of 1 per cent a year.

Drayton said that the investment trust proposals offered investors between 101.5 and 102.3 per cent of its diluted net asset value, compared with 98.7 per cent under the Dragon offer.

Mr Ratan Engineer, the chairman of Drayton Asia said: "With these proposals, shareholders and warrant holders will now have greater choice, enhanced flexibility, new opportunities for gearing and most importantly, better and certain value."

"On this basis, I strongly urge shareholders and warrant holders to continue to reject the Dragon share offer." EFM Dragon responding by saying: "These proposals are complex, uncertain as to value and the timing of their implementation remains in doubt."

## NEWS DIGEST

### KBL extends Brown Shipley bid

KREDITBANK Luxembourg has extended its 30p-a-share offer for Brown Shipley Holdings by a week until next Thursday after adding acceptance of only 1.4 per cent to the 29.6 per cent of the equity that it already owns, writes Jane Fuller.

Since KBL launched the offer, which values BSH at £4.8m, on February 18, a potential rival has appeared. Guinness Peet Group, the UK investment vehicle for New Zealand entrepreneur Sir Ron Brerley, has taken a 22.3 per cent stake, paying 36p a share for the majority of it. BSH's share price closed at 43p yesterday.

GPG announced this week that it was contemplating making a full bid and asked for the same information as had been furnished to KBL.

KBL has stressed that its offer is the only one on the table.

### Cut in interest boosts Cussins Property

Cussins Property Group, the residential property developer, reported profits of £740,000 pre-tax for 1992, against losses of £365,000. Turnover fell from £18.4m to £18.3m.

A large part of the comparable figure related to discontinued activities. Borrowings were also cut over the 12 months from £8.8m to £6.5m.

A tax credit of £733,000 (£150,000) helped earnings increase to 10.3p (losses 1.9p). However an extraordinary charge of £2.71m (£2.36m), including a full provision on commercial property, left the loss for the year at £1.24m (£2.58m).

### Thomas Walker £71,400 in loss

Thomas Walker, the Birmingham-based maker of metal smallwares, incurred a loss of £71,400 pre-tax for the six months ended December 31. That compared with previous profits of £2,600 and was scored from a turnover of £1.7m (£1.73m). Losses per share emerged at 1.159p (0.0535p) and the interim dividend is the same at 0.18p.

### Headway interim deficit reduced

Headway, the consumer and industrial goods specialist, reduced pre-tax losses from a restated £1.2m to £883,000 in the six months to December 31. The company, however, budgets for a first-half loss as sales by its dominant garden furniture subsidiary, Aronstead, are heavily biased towards the final quarter.

Losses this time were struck after costs of £103,000 for the major reorganisation

of Aronstead. Turnover for the period was £10.05m (£11.11m) and losses per share were halved at 3.7p. The results have been prepared in accordance with FRS 3.

### 43% growth at ISA to over £3m

For 1992 pre-tax profits of ISA International, the distributor of branded consumables for information processing equipment, expanded by 43 per cent to £3.04m, against £2.12m.

With turnover ahead 56 per cent to £119m the results were slightly up on directors' estimates given in January at the time of the £7m placing and offer in connection with the acquisition of CTS Svenska.

After year-end tax of £1.15m (£884,000) earnings per share are given as 6.45p (4.31p) while the dividend is lifted to 1.5p (1.365p) with a final of 10.18p.

### Tight cost controls help Forward Tech

Tight cost controls in its sound and vision division enabled Forward Technology Industries to return to profit in 1992. On turnover of £40.2m (£39.8m) pre-tax profits were £186,000, compared with losses of £272,000 which included exceptional costs of £253,000. Earnings per share were all against losses of 2.4p.

Sound and vision operating profits were £262,000 (£22,000) whereas electronics fell to £460,000 (£501,000).

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Church & Co	9.5	May 10	9.5	12.5	12.5
Heywood Williams	8	Apr 22	8	12.5	12.5
ISA Intl	1.01A	May 31	0.951	1.5	1.365
Victaulic	5.3	May 14	5	7.8	7.35
Walker (Thomas)	0.18	Apr 23	0.18	0.58	0.58

Dividends shown pence per share net except where otherwise stated. \*On increased capital. SUSM stock.

## LONDON RECENT ISSUES

Issue Price	Amount Paid	Latest Bid	1993	Stock	Closing Price	Div	Yield	Div	Yield
100	F.P.	103	98	For & Co US Smir Co	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-
100	F.P.	103	98	De Wapen	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-
100	F.P.	103	98	De Wapen	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-
100	F.P.	103	98	De Wapen	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-
100	F.P.	103	98	De Wapen	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-

## FIXED INTEREST STOCKS

Issue Price	Amount Paid	Latest Bid	1993	Stock	Closing Price	Div	Yield	Div	Yield
100	F.P.	103	98	For & Co US Smir Co	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-
100	F.P.	103	98	De Wapen	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-
100	F.P.	103	98	De Wapen	102	-	-	-	-
50	F.P.	44	30	De Wapen	44	-	-	-	-

## RIGHTS OFFERS

Issue Price	Amount Paid	Latest Bid	1993		Stock	Closing Price	Div	Yield
			High	Low				
250	Nil	224	62m	44m	Berkley	44m	-	-
295	Nil	244	64m	62m	Briffle Polymers	64m	-	-
405	Nil	264	64m	62m	Briffle Polymers	64m	-	-
205	Nil	214	64m	62m	Chemical	64m	-	-
30	Nil	214	64m	62m	Geo. Grahman Tract	64m	-	-
50	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	103	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10	Nil	64	64m	62m	General	64m	-	-
10								



WEEK IN THE MARKETS

Gold edges above seven-year low

GOLD ended the week, in the words of one analyst, "clinging manfully to the ropes by the skin of its gold-capped teeth." It closed on the London bullion market yesterday at \$377.75 a troy ounce, down \$2.20 on the week but holding above the successive seven-year lows seen earlier.

The market went into reverse from the beginning of the week, shedding \$2.80 on Monday and retreating to \$336.05 on Wednesday. It was fixed at consecutive seven-year lows on Tuesday and Wednesday.

The fall was heralded last week by the decline of South Africa's commercial rand to 3.15 against the US dollar, pointed out Ms Rhona O'Connell, analyst at Williams de Broe. At \$325 a troy ounce, South African producers were able to sell their gold forward at \$1,050, leaving them a healthy profit.

The retreat below the recent trading range between \$327 and \$332 led many analysts to predict further falls. Mr Lawrence Eagles, of GNI, the London futures broker, said the market was looking very bad technically, and predicted a rapid decline if \$325 was breached, possibly to below \$300 by the end of the year.

While support has held at \$325 this week, there is little support from Far Eastern demand to support the gold market, which has lost its lure for investors in the West.

"There is a total lack of interest," said Mr Euan Worthington of S.G. Warburg. "People have other games to play."

Much of the demand in the Far East has come from China. A recent report from American Precious Metals Advisors of the US suggested that the country absorbed 800 tonnes (26m troy ounces) last year. This more than offset the 650 tonnes sold by central banks, including 400 tonnes by the Dutch.

The threat of further central bank sales continues to hang over the market, while any rally is likely to be met by further producer sales - particularly from South Africa.

Events in Russia, where Boris Yeltsin is fighting for his political survival, have helped to boost platinum metal group prices because of fears of supply disruption. Platinum ended up \$6.85 on the week at \$351.25.

But any so-called "safe-haven" money is expected to go to the US dollar - and the stronger the dollar, the worse for gold.

As one London dealer told the Reuters news agency yesterday: "Gold looks awful which ever way you look at it."

On the London Metal Exchange copper has shone dimly in a week of little interest for the base metals. Three-month metal closed yesterday at \$1,546.25 a tonne, up \$48.50 on the week. In dollar terms it moved above the \$2,200 level.

Mr Nick Moore, analyst with Mr Minnett, said that of all the base metals, copper had the most robust fundamentals. Stocks on New York's Comex had declined by 14 per cent from their mid-February peak to 97,116 tonnes, giving a clear signal that the US was emerging from recession, he said.

However, Mr Philip Crowson, chief economist with RTZ, the world's biggest mining group, said this week that while the US economy was recovering, the German and Japanese economies were not. He pointed out that Western Europe and Japan accounted for roughly half the Western World's consumption of non-ferrous metals.

"Even with the US recovery gathering momentum, therefore, prices of metals and minerals are unlikely to depart far from their present trading ranges until late in the year at best," he predicted.

In the softs markets cocoa has continued to slide, again giving delegates to next week's International Cocoa Organisation council meeting plenty to chew on as they struggle to reach a compromise that might lead to a new agreement with economic clauses.

The London May contract closed yesterday at 2699 s tonnes, a fall of \$20 on the week and 57s off the recent peak.

The retreat has mainly been attributed to the failure of last week's talks on the cocoa pact in Geneva. Profit taking by a few speculators who were gam-

LINK WAREHOUSE STOCKS (As at Thursday's close)

	Tonnes
Aluminium	+22,700 to 1,098,700
Copper	+400 to 328,400
Lead	+2,150 to 237,300
Nickel	+840 to 85,200
Zinc	+5,500 to 570,570
Tin	+505 to 18,800

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES	Fri Mar 12	Thurs Mar 11	Year ago (approx.)	1992/93 High	Low
British Government					
1 Low	6.45	6.51	9.28	18.03 15/9/92	6.33 19/2/93
2 Coupons	7.61	7.65	9.50	9.72 1/4/92	7.55 0/3/93
3 (0%-7%)	7.91	7.93	9.50	9.72 1/4/92	7.83 0/3/93
4 Medium	6.74	6.79	9.99	10.28 1/4/92	6.74 0/3/93
5 Coupons	8.12	8.14	9.63	9.82 1/4/92	8.04 3/3/93
6 (8%-10%)	8.30	8.32	9.57	9.76 1/4/92	8.23 10/3/93
7 High	6.90	6.95	10.12	10.50 1/4/92	6.89 0/3/93
8 Coupons	8.33	8.36	9.75	9.96 1/4/92	8.27 0/3/93
9 (11%)	8.45	8.45	9.66	9.90 5/10/92	8.36 0/3/93
10 Irredeemable (Flat Yield)	0.39	0.38	9.65	9.92 2/4/92	8.31 0/3/93
Index-Linked					
11 Inflation rate 5%	2.03	2.02	3.78	5.84 16/9/92	1.82 12/2/93
12 Inflation rate 5% Over 5 yrs.	3.45	3.44	4.48	4.76 16/9/92	3.44 18/3/93
13 Inflation rate 10% Over 5 yrs.	1.22	1.20	3.07	4.23 16/9/92	0.92 12/2/93
14 Inflation rate 10% Over 5 yrs.	3.28	3.27	4.31	4.56 16/9/92	3.26 10/3/93
15 Rate & Loans	6.42	6.49	11.06	11.51 6/4/92	8.42 12/3/93
16 Loans	9.22	9.23	10.82	11.22 6/4/92	9.14 18/3/93
17	9.47	9.46	10.66	11.62 6/4/92	9.36 10/3/93

FT-INDUSTRIALS

Option	Mar 12	Mar 11	Mar 10	Mar 9	Mar 8	Year ago	High	Low
Alloy Steel	97.09	97.59	97.85	97.98	98.04	98.30	98.04	95.11
Steel (Dom)	113.46	113.78	113.78	113.71	113.83	99.83	113.83	97.15
Steel (Exp)	113.46	113.78	113.78	113.71	113.83	99.83	113.83	97.15

FINANCIAL TIMES ASIA PACIFIC SURVEYS 1993

SINGAPORE	29TH MARCH
PHILIPPINES	26TH APRIL
HONG KONG	28TH APRIL
SHANGHAI	30TH APRIL
INDONESIA	13TH MAY
NEW ZEALAND	16TH JUNE
MALAYSIA	31ST AUGUST
TAIWAN	8TH OCTOBER
AUSTRALIA	4TH NOVEMBER
THAILAND	6TH DECEMBER

FOR FURTHER INFORMATION CONTACT:

SARAH PAKENHAM-WALSH  
FINANCIAL TIMES  
HONG KONG OFFICE  
17TH FLOOR, 17B SHUN HO TOWER  
24-30 ICE HOUSE STREET  
CENTRAL  
HONG KONG

TEL: (852) 868 2863  
FAX: (852) 537 1212  
OR  
SAMANTHA TELFER  
FINANCIAL TIMES  
ONE SOUTHWARK BRIDGE  
LONDON SE1 9HL

TEL: 071 873 3050  
FAX: 071 873 3595

BUSINESS SCHOOLS

The FT proposes to publish this survey on April 21 1993.

Should you be interested in acquiring more information about this survey or wish to advertise, please contact:

Daisy Vennartingham on 071-873 3746  
or  
Melanie Miles on 071-873 3308  
FAX: 071-873 3064

FT SURVEYS

PHARMACEUTICALS R&D: PRESCRIPTION FOR SUCCESS

The Financial Times proposes to publish this survey on 22ND April, 1993

Published as part of the news paper it will be seen by over one million readers in 160 countries world-wide.

The survey will be seen by more members of the European Parliament\* than any other English language newspaper and 100% of UK business and financial journalists.\*\*

The survey will be individually mailed to UK MP's and senior decision makers in the British National Health Service.

Additionally the survey is being timed to coincide with the International Pharmaceuticals R&D Conference held in Brussels on 22-23 April 1993 and will be distributed there.

For further information about the SURVEY and ADVERTISING details, please contact:

Bill Castle  
Group Head - Client Sales  
Financial Times  
Number One Southwark Bridge  
London SE1 9HL

For further information about the CONFERENCE, please contact:

Steven Snyckers  
Customer Service Officer  
Management Centre Europe  
Rue Caroly 15  
B-1040 Brussels, Belgium

Tel: 071 873 3760 Fax: 071 873 3062 Tel: 32 2 516 1987 Fax: 32 2 513 7108

Information Sources: \* MORI - Members of the European Parliament 1991, \*\* MORI - Business & Financial Journalists Readership Survey 1991

FT SURVEYS

Airtours plc

OWNERS ABROAD SHAREHOLDERS

LAST CALL - NOW BOARDING

\*FINAL OFFERS

BY BZW AND BRITISH LINEN BANK ON BEHALF OF AIRTOURS PLC FOR OWNERS ABROAD GROUP PLC

\*OFFERS CLOSING AT 1PM THIS TUESDAY, 16 MARCH 1993

This advertisement is published on behalf of Airtours and has been approved by BZW and British Linen Bank which are members of The Securities and Futures Authority, solely for the purposes of Section 87 of the Financial Services Act 1986.

The Directors of Airtours accept responsibility for the information contained in this advertisement and to the best of their knowledge and belief (having taken reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not contain anything likely to affect the import of such information.

\* The Final Offers will not be increased or reduced, except that Airtours reserves the right to revise, increase and/or extend the Final Offers in the unlikely event of a competitive situation arising (as determined by the Panel) or any further material variation in the existing arrangements or any further material new arrangements involving Airtours and/or BZW and British Linen Bank being proposed.



## INTERNATIONAL COMPANIES AND FINANCE

## VW confirms Lopez has left key position at GM

By David Waller in Frankfurt and Martin Dickson in New York

VOLKSWAGEN, Europe's largest car manufacturer, confirmed yesterday that it has persuaded Mr Ignacio Lopez de Arriortua to leave his job as head of global purchasing at General Motors in the US.

The move comes only weeks after GM and VW both denied reports that Mr Lopez, who has a reputation as a tough cost cutter, would be leaving to join the German group as part of an overhaul of VW top management.

VW refused to say what Mr Lopez's role would be, but it is widely expected that he will be put in charge of world purchasing following the meeting of the company's supervisory

board on Tuesday next week. Mr Lopez, who last year moved within GM from Europe to Detroit, is credited with giving GM the most competitive cost base of any of Europe's volume carmakers.

VW sold a record number of cars last year but is labouring under a number of serious problems amid what chief executive Ferdinand Piëch last week called the most severe downturn in the German car industry since 1945.

Part of the response has been to put pressure on suppliers to cut prices but it is believed that the company plans to implement an overhaul of its sourcing arrangements, headed by Mr Lopez.

Operating losses in the core VW division are thought to have been DM1.1bn (\$619m) last year.

The company is planning to cut its workforce by 36,000 people to 276,000 by the end of 1997, a reduction of 13 per cent.

Mr Lopez's departure casts doubt on the future of GM's cost reduction programme, which is a vital part of the company's efforts to restore to profit its loss-making North American carmaking operations.

GM insisted yesterday that Mr Lopez had put in place a sufficiently strong team, and so changed the group's methods of parts purchasing, that the programme could roll on without him.

Some analysts said the costs drive was so much a product of Mr Lopez's iconoclastic management style that it was likely to suffer from his departure after only 10 months in the job.

## German bourse chief executive to step down

By David Waller in Frankfurt

MR Rüdiger von Rosen, one of the most prominent figures in the campaign to strengthen Germany's financial markets in recent years, is to step down as chief executive of the Deutsche Börse, the single German stock exchange which came into being at the beginning of the year.

The move came as a surprise in Frankfurt as it was only recently that Mr von Rosen had his contract as chief executive renewed until the end of 1994.

He is to be replaced by Mr Werner Seifert, a Swiss businessman who is main board director of Swiss Re responsible for the company's primary insurance activities.

Mr von Rosen will retain his job as chief executive until the end of July when Mr Seifert, 44, will take over. The official statement said that Mr von Rosen would stay on as an ordinary member of the managing board but Frankfurt financiers said that this was unlikely.

Mr von Rosen, 49, was not available for comment yesterday. He is a former head of press relations at the Bundesbank and personal assistant to Mr Karl Otto Pöhl, former president of the German central bank.

He is one of the more outspoken figures on the German financial scene. He left the Bundesbank in 1986 to take up a position as managing director of the Frankfurt stock exchange, the largest in Germany.

He was an important figure in the campaign which led ultimately to the creation of the Deutsche Börse, a holding structure which brings Germany's eight regional stock exchanges partially under one roof.

It encompasses the DTB futures and options market and the Kassenschein settlement organisation.

Benkers eiled the move reflected the influence of Mr Rolf Brenner, main board director of Deutsche Bank and head of the Deutsche Börse's supervisory board. A statement issued by Mr Brenner said that Mr Seifert's appointment was necessary to complete the Deutsche Börse's management board.

This would help the process of integrating the different parts of the Deutsche Börse's activities and the goal of increasing the transparency and liquidity of Germany's financial markets, the statement said.

## American Express in \$1bn disposal

By Alan Friedman in New York

AMERICAN EXPRESS, the troubled financial services and travel group, yesterday formally announced the \$1bn sale of the retail broking and asset management businesses of its Shearson Lehman arm to Mr Sandy Weill's Primmerica financial services group.

The deal will lead to the creation of Smith Barney Shearson after Primmerica merges its Smith Barney securities subsidiary with Shearson. The combined entity will have more than \$112bn of assets under management, 10,500 brokers and almost 500 branch offices.

As a result Mr Weill is now in a position to challenge Mer-

rill Lynch's position as the leading US brokerage house.

The deal will cause first quarter write-offs at American Express of about \$700m for transaction-related costs such as severance, relocation and systems modifications plus a write-down of \$750m in Shearson's goodwill.

American Express stressed that the first-quarter losses it expects to suffer on the Shearson deal would be offset in part by the previously announced plan to sell The Boston Company for \$1.47bn and anticipated gains from the sale of \$1bn of stock representing majority control of First Data Corporation, the group's data processing subsidiary.

The Shearson takeover was halted on Wall Street yesterday

as a coup for Mr Weill, who built Shearson in the 1970s and sold it to American Express in 1981 for \$900m. Following this deal, Mr Weill became the president of American Express, only to resign in 1985.

The 59-year-old Mr Weill, who yesterday named Mr Frank Zarb, Smith Barney's chairman, to head the new brokerage house, has agreed to pay American Express \$850m in cash, \$125m in Primmerica convertible preferred stock and \$25m in Primmerica common equity warrants.

In addition, Primmerica will pay American Express future contingent amounts based on the new unit's performance up to \$50m a year for three years plus 10 per cent of after-tax profits that exceed \$250m a

year over the next five years. Primmerica will finance the deal by issuing \$550m of new debt securities and \$500m of equity-equivalent securities.

Lehman Brothers is not part of the Primmerica deal, but American Express said yesterday that among its options would be a public share offer of Lehman stock.

Shearson Lehman last year suffered \$16m of losses. Smith Barney last year had \$170.1m of earnings.

Mr Harvey Golub, the American Express chief executive who took over last month after the departure of Mr James Robinson, yesterday moved quickly to outline a new group strategy that will focus on a leaner business based on its three main subsidiaries.

## Fujitsu forecasts Y20bn loss

By Michio Nakamoto in Tokyo

FUJITSU, Japan's largest computer maker and number two in the world rankings, expects to post a pre-tax loss this year, the first since the group was listed on the Tokyo stock exchange in 1949.

Fujitsu, which owns ICL, the UK computer company, yesterday said the unexpected length of Japan's economic slowdown would leave the group with a pre-tax loss on a consolidated basis of Y20bn (\$159.2m) for the year ending March, 1993. This reverses an earlier Fujitsu forecast of a Y30bn profit.

The Japanese computer group, which emulated and strove to surpass IBM, the US computer group, will end up following its fiercest rival into the red.

Fujitsu says it will pay a final dividend of Y3 a share

and not the Y5 forecast. Consolidated revenues, which were forecast in October to be Y3,600bn, would instead be Y3,500bn, ICL was expected to make a profit, Fujitsu said.

Fujitsu said that the profit revision comes as a result of the sharp fall in demand for computers and in profit margins from computers. While markets worldwide have been affected by the slump in corporate investment, the Japanese computer market, in particular, has been hit by cuts in capital investment by corporations and financial institutions.

While computer companies normally expect a burst of demand from customers just before the closing of books in March, this year that demand did not materialise, the group said.

The Japanese computer market in the past five months has

been disrupted by price cuts, which have eaten into the profit margins of computer manufacturers.

Of the Y30bn difference between Fujitsu's profits forecast in October and its latest forecast, Y75bn relates to its computer business, Y5bn to electronic devices and Y10bn to communications equipment, Fujitsu said.

Fujitsu has a heavy financial burden after its purchase of ICL for Y700m and recent expansion of its semiconductor manufacturing capacity in the UK.

The group announced earlier this week that it would reduce graduate intake next year to 300 people, compared with 2,200 this year and nearly 4,000 in 1989.

Capital spending is expected to remain at this year's level while R&D expenditure is gradually reduced.

## Second shake-up at Posco in six months

By John Burton in Seoul

SENIOR management at Pohang Iron and Steel (Posco), the world's third largest steel company, changed yesterday for the second time in six months.

The reshuffle is related to the forced resignation from the state-run steel company of Mr Park Tae-joon, its founder, for his political opposition to South Korea's new president. The departure yesterday of Mr Park as Posco honorary chair-

man triggered the resignation of two top aides, Mr Hwang Kyung-ro, chairman, and Mr Park Tuk-yoo, president.

The two men were promoted last October when Mr Park stepped down as chairman due to his refusal to support Mr Kim Young-sam as the presidential candidate.

Posco's new chairman is Mr Chung Myung-sik, current vice-chairman. The new president is Mr Cho Mal-soo, vice-president for new business investment and purchasing.

## Crédit Lyonnais may fall into red

By Alice Rawsthorn in Paris

CRÉDIT LYONNAIS, the big French bank clouded by controversy following aggressive expansion, last year had its worst results for two decades, according to Mr Jean-Yves Haberer, chairman.

This suggests that Crédit Lyonnais, one of Europe's biggest banks and a flagship of the French public sector, may have made a loss in 1992 since in 1974 the group fell into the red with a net loss of FF17.7m (\$3.49m) under the impact of strikes.

Mr Haberer said in an interview with a French newspaper yesterday that it would not be possible to privatise Crédit Lyonnais in current economic conditions. France's conservative coalition, which is the firm favourite to win this month's parliamentary elections, has confirmed that it hoped to privatise both Crédit Lyonnais and Banque Nationale de Paris, the other large state-controlled bank.



Jean-Yves Haberer: worst result for 20 years

Crédit Lyonnais was last year affected by the slowdown in the French economy and the legacy of the aggressive lending policy it pursued since Mr Haberer became chairman in 1989.

As a result, it has been much more vulnerable than other French banks to the weakest areas of the economy, notably commercial property

and small businesses. It has been hit by its involvement with a number of international corporate failures, including Mr Robert Maxwell's media group, the Olympia & York, the troubled Hollywood film studio.

Mr Haberer, who was appointed by the current socialist administration and whose position may be jeopardised by a change of government, blamed last year's poor performance on a steep increase in provisions.

He said Crédit Lyonnais had been badly affected by its exposure to property and business failures in France and by the difficulties of the Dutch subsidiary, which was responsible for the MGM deal.

Crédit Lyonnais has announced that it barely broke even in the first half of last year with net profits of just FF6.3bn. Mr Haberer said it would be forced to make higher provisions for the second half.

## CRA bids A\$716m for coal group

By Kevin Brown in Sydney

CRA, the Australian mining group, yesterday launched a hostile takeover bid for Coal & Allied Industries (CAI), a coal producer in the Hunter Valley area of New South Wales, almost exactly two years after the failure of an earlier offer.

The A\$11.50 a share bid values CAI at A\$716m (US\$487m). CRA owns 40.4 per cent of CAI following a A\$7.85 a share offer in March 1991, and the purchase of a further 2.9 per cent stake yesterday.

The offer is conditional on approval by the Foreign Investment Review Board (FIRB) because CRA is 49 per cent owned by RTZ of the UK, the world's biggest mining group.

Mr John Ralph, CRA chief executive, said the acquisition of CAI was an integral part of the group's strategy of increasing the size of its coal business. However, he said the offer would not be increased.

Mr Tony Haralson, CAI chief executive, urged shareholders not to respond to the offer until it had been considered by the board. He said the board would probably meet early next week.

The long-awaited bid represents CRA's second attempt to leapfrog Broken Hill Proprietary (BHP) as Australia's biggest coal producer by acquiring control of CAI.

The offer, which is pitched at 14 times average brokers' forecasts for CAI's earnings for the year ending June, represents a premium of 28 per cent over the A\$9.05 closing price of CAI shares on Thursday.

However, CAI shares closed A\$2.05 higher at A\$11.50 yesterday.

## N American side lifts ABN Amro

By Ronald van de Krol in Amsterdam

NET profit at ABN Amro, the Netherlands' largest bank, rose by nearly 10 per cent in 1992 with buoyant results from North America helping to compensate for a relatively sluggish performance at home and in Europe.

The bank said net profit climbed by 9.6 per cent to FF1.88bn (\$908m), while profit per share rose by a more moderate 5.6 per cent to FF15.5L. The dividend is being held at FF2.30.

"Given the fact that 1992 was not an easy year in several

countries, the result is satisfactory," said Mr Robert Hazellhoff, ABN Amro's chairman.

Total revenue at the bank was up 6.5 per cent at FF12.2bn, while total costs saw the same percentage increase to FF13.3bn, producing an 8.5 per cent gain in gross profits to FF3.97bn.

ABN Amro attributed the high rate of growth in costs to the acquisitions last year of Talman Home Federal Savings of Illinois, the London-based European operations of stockbrokers Hoare Govett, and CM Capital Markets of Spain.

The first-time consolidation of Talman helped double ABN

Amro's gross profits in North America to FF1.1m. Without Talman, results would have risen by nearly 68 per cent. Mr Hazellhoff said the emerging recovery in the US had led to a rise in demand for credit from small and medium-sized businesses.

Lending in the US rose by 38.9 per cent, compared with just 3.7 per cent in Europe and 7.2 per cent in the Netherlands.

At home, gross results fell by 3.4 per cent to FF2.5bn from FF2.59bn in 1991. The previous year's figures had been flattened by nearly FF200m in book profits from the divestment of two intermediary companies.

## WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week ago	Year 1992/93	High 1992/93	Low 1992/93
Gold per troy oz.	\$327.75	-2.2	\$347	\$366.40	\$326.05
Silver per troy oz.	\$254.0p	+4.5	\$240.14p	\$265.50p	\$187.05p
Aluminium 99.7% (cash)	\$1151.5	+11	\$1122.5	\$1139.0	\$1105.5
Copper Grade A (cash)	\$1521	+48.5	\$1500.5	\$1581.0	\$1125.0
Lead (cash)	\$280.5	-4	\$287.75	\$293.5	\$277.50
Nickel (cash)	\$895.5	+32.5	\$744.5	\$819.0	\$531.8
Zinc SHG (cash)	\$1006.5	+10.5	\$1231	\$1457.5	\$1005.5
Tin (cash)	\$3997.5	-2.5	\$3910	\$7115.0	\$3425.0
Cocoa Futures (May)	\$390	-19	\$376	\$761	\$325
Coffee Futures (May)	\$913	-57	\$941	\$1039	\$870
Sugar (LDP May)	\$248.8	-2.4	\$212.1	\$272.5	\$153
Barley Futures (May)	\$138.25	-1.75	\$115.8	\$144.50	\$108.90
Wheat Futures (May)	\$144.10	-2.15	\$127.15	\$148.00	\$109.85
Cotton Outlook A Index	\$2.05c	+0.4	\$4.80c	\$5.80c	\$2.25c
Oil (Brent Blend)	\$32	-5	\$47p	\$49p	\$34p
Oil (Brent Blend)	\$15.71x	-0.75	\$17.75	\$21.50	\$17.00

Per tonne unless otherwise stated. Unquoted, p-pennings, c-cents, x-xp.

## London Markets

SPOT MARKETS	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Oil products	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Oil products	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Oil products	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Oil products	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Oil products	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Oil products	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Oil products	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

COGAS - London POX	Latest prices	Change on week ago
Crude oil (per barrel FOB) (Apr)	\$18.25-8.27	+0.08
Brent Blend (dated)	\$18.75-8.77	+0.08
Brant Blend (Apr)	\$18.70-8.72	+0.11
WTI (1st pay)	\$20.20-8.22	+0.10

Nov	109.00	111.06	100.00
Jan	114.35	111.00	114.55
Barley	Close	Previous	High/Low
Mar	143.00		147.00 143.00
May	139.25	140.00	139.75
Turnover: Wheat 140 (244), Barley 42 (8).			



















Continued on next page



● Current Unit Trust prices are available on FT Cityline. Calls charged at 99p/minute cheap rate. To obtain a free Unit Trust Code Booklet ring (071) 873 4378.

[illegible]



of those  
rds %  
older  
as on  
ernum  
omated  
lective  
price  
ion. a  
ed &  
ailable  
sailed







## WORLD STOCK MARKETS

## AMERICA

## Dow drops after heavy selling in bonds

## Wall Street

US share prices fell sharply yesterday after an unexpectedly strong February producer price index sparked heavy selling in the bond market amid fears of a revival in inflation, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was 49.44 lower at 3,407.56. The more broadly based Standard & Poor's 500 was 5.76 lower at 447.94, while the Amex composite was down 2.29 at 430.02, and the Nasdaq composite down 5.84 at 688.38. Volume on the NYSE was 150m shares by 1 pm, and declines outnum-

bered rises by 1,467 to 380. The news that sparked the selling yesterday was the 0.4 per cent rise in the February PPI and although the increase was only slightly higher than forecast, equity investors reacted badly to the figures - partly because of the sell-off in the bond market that they triggered. By midday the benchmark 30-year bond had dropped almost a full point, pushing the yield up to 6.824 per cent.

Investors were also selling because of a lack of confidence in the market's recent rally, which only on Wednesday lifted the Dow to a record high.

Analysts also said that concern about the political situation in Russia may have contributed to declines. Primerica rose 3% to 44% and American Express added 1% at \$27.75 after the two groups concluded a \$1m deal in which the latter's Shearson brokerage subsidiary will be merged into Primerica's Smith Barney brokerage unit.

Under the terms of the deal, American Express will get \$800m in cash, \$120m in convertible preferred stock and \$25m in warrants from Primerica. American Express, however, said that it would take a

first quarter charge of about \$600m, which would include taxes, transaction-related costs and a reduction in goodwill of \$750m.

General Motors held firm at \$38.75 in volume of 1.5m shares as investors shrugged off the unexpected departure of Mr J. Ignacio Lopez de Arriortua, the head of worldwide purchasing at the carmaker and a key figure in the company's cost-cutting campaign.

Once again, cyclical stocks were hit hard by selling, primarily because they had enjoyed big gains earlier in the week when optimism about the economy was sweeping stocks to new highs. Caterpillar lost 1% at \$57.4, International

Paper slipped \$1 to \$63.3, General Electric tumbled 1% to \$55.4, Goodyear dropped \$1 to \$74, and Alcoa fell \$1 to \$59.7.

## Canada

TORONTO followed Wall Street lower with a fall in the TSE 300 composite index at noon of 34.50 to 3,527.92 in volume of some 23.8m shares. The financial sub-index was down 20.50 at 2,666.18.

American Barriack was off 0.5% at \$19.75 and Placer Dome down 0.4% at \$16.6. Enco fell 0.4% at \$30.38 after Talisman Energy made a proposal to buy all of Enco's outstanding shares.

## Madrid awaits a key interest rate decision

But the authorities are cautious, writes Tom Burns

Next week could be the one that the Spanish bolsa has been waiting for. Not for a long time has there been such a strong feeling that domestic interest rates will come down.

Hopes went on hold this week, especially yesterday when the general index fell 3.04 to 237.41 on profit-taking, declines in other bourses and after 0.2 per cent negative GDP growth in the fourth quarter of 1992.

However, underlying sentiment has been lifted by the prospect of lower domestic inflation figures, due at the beginning of next week, and by the expected easing of key rates in Germany.

What the market is looking for is a cut of perhaps a half-point in the current 12 per cent benchmark intervention rate when the Bank of Spain holds the repurchase tender of its certificates on March 22.

The forecasts of a rally coincide with what appears to be a key change in foreign perceptions about the domestic market. Foreign institutions which, demonstrably, had underweighted Spain last year, seem to have cottoned on to the fact that the bolsa is relatively inexpensive.

With the general index hovering at around 240, the bolsa has put on just over 12 per cent in value since its nadir at the beginning of this year.

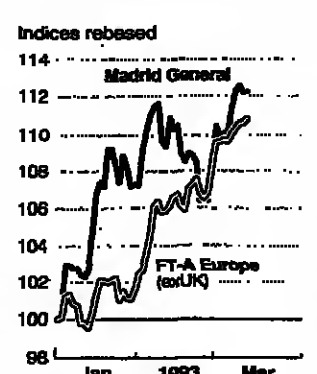
By the end of 1992 the Madrid market was undervalued by perhaps as much as 40 per cent and by the end of this year, in the present bullish mood, professionals have estimated that the bolsa could climb to 280.

"People are not selling Spain now," says Mr Juan Bastos of the Madrid brokers Ibersecurities. "Investors are not asking whether they should come in but when they should come in."

What seems to have occurred is a general decision that the bolsa has hit rock bottom, and that it is time to change positions. If the sentiment in 1992 was to sell in order to come

back in at a later date, the mood now is that the later date has more or less arrived; any delays could make the return more expensive.

The upcoming partial privatisations of Repsol, the state-controlled energy group, and of Argentaria, the state-controlled



Source: FT Graphics

December, and that the National Statistics Institute will show a further drop to as low as 4.7 per cent in year-on-year headline inflation in February.

Figures like that should be good for the bolsa. A subsequent cut in German rates would give the Bank of Spain considerable room to manoeuvre. "Money in Spain is far too tight," says Mr Alvaro Villaceros of the Madrid office of James Capel.

The Bank of Spain, of course, has a last word, too. It will have until the week after next, and its repo auction, to gauge exactly what signal the Bundesbank is giving and what the best response might be. It will certainly be looking for a differential of at least 400 basis points against the German rates.

For all the bullishness in the air, wise market analysts are extremely wary of overplaying it. The Bank of Spain has every reason to be as tight as it possibly can: wage settlements, which are coming in at between 6.5 per cent and 8.5 per cent, are not showing the desired restraint and the government deficit in 1992, according to the latest figures filtering through, could be closer to 5.4 per cent of GDP instead of the 4.4 per cent claimed by the economy ministry.

The Bank, moreover, is fully aware that fresh assaults on the peseta within the ERM are all too likely. There is a "risk assumption" among foreign investors that the ERM could fall apart or, more exactly, that the peseta will abandon its battle to remain at the heart of the hard core of the monetary system.

Everything that the government and the Bank of Spain has said to date, however, emphasises that the British option, with its plunging currency and interest rates, is not an option for Spain. The Spanish bulls will be at best cantering, never galloping.

## EUROPE

## Crisis in Moscow haunts the Continent

BOURSES subsided yesterday afternoon, following an unfounded claim in Moscow that armed troops had entered the Kremlin, and a distinct lack of enthusiasm for equities on Wall Street, writes Our Markets Staff.

FRANKFURT shelved interest rate prospects for worries about Russia, and uncertainty about the outcome of talks between Bonn and the regional German states on the financial aspects of a solidarity pact.

The DAX index ended 10.26 lower at 1,707.14, still 1.4 per cent higher on the week.

Turnover fell from DM7.6bn to DM6.8bn. Among blue chips, VW rose DM3.60 to an official DM22.80 close on news that GM's purchasing chief, Mr J. Ignacio Lopez de Arriortua, is joining VW. Mr Lopez, a tough cost-cutter, would likely help VW improve profit margins, dealers said. VW lost DM5.70 after hours.

Daimler dropped on the news of lower 1992 profits, closing at DM623 and ending the afternoon at DM610.70 down on the day DM60.50.

BAKIS struggled throughout the day, the decline accelerating as Wall Street opened. The CAC-40 index closed 27.70 down at 1,965.18 after a high of 1,960 and a low of 1,957, as turnover remained static at FF2.6bn.

In the absence of fresh corporate news, activity was concentrated on the big blue-chip stocks: among financials Suez, leading the actives, dipped FF75.20 to FF731.70, Société Générale FF6 to FF588 and Paribas FF11.10 to FF11.10.

Crédit Lyonnais CI's slipped FF15 to FF520 after the chairman estimated that the bank's 1992 results were the worst for 20 years.

In the car sector Peugeot lost FF2 to FF687, having been a little stronger on Thursday following Renault's better than expected results. Valeo eased FF10 to FF785.

AMSTERDAM retreated with a fall in the CDS Tendency index of 1.6 to 104.2, down 2.3 per cent on the week. Prices were generally depressed with even ABN Amro losing F1.20 to F1.63.80 after reporting a satisfactory 9.6 per cent rise in net profit.

VNU declined F13.20 to F110.40 after confirming that it was holding talks with a possible Dutch company over a possible partnership in its printing operations.

Comments on this move, NatWest Securities in London said that while some investors may have been disappointed that VNU had not found an outright buyer for the division,

## FT-SE Actuaries Share Indices

	March 12	March 11	March 10	March 9	March 8	March 7
FT-SE 100	1106.02	1105.51	1105.83	1105.80	1105.76	1105.81
FT-SE 250	1224.38	1223.86	1223.12	1223.10	1223.07	1223.04
FT-SE 350	1106.02	1105.51	1105.83	1105.80	1105.76	1105.81
FT-SE 450	1224.38	1223.86	1223.12	1223.10	1223.07	1223.04

New index 1000 (250/1000) 100 - 1106.02, 200 - 1224.38, 300 - 1106.02, 400 - 1224.38, 500 - 1106.02, 600 - 1224.38, 700 - 1106.02, 800 - 1224.38, 900 - 1106.02, 1000 - 1224.38.

long-term prospects remained positive. In the car sector Peugeot lost FF2 to FF687, having been a little stronger on Thursday following Renault's better than expected results. Valeo eased FF10 to FF785.

AMSTERDAM retreated with a fall in the CDS Tendency index of 1.6 to 104.2, down 2.3 per cent on the week. Prices were generally depressed with even ABN Amro losing F1.20 to F1.63.80 after reporting a satisfactory 9.6 per cent rise in net profit.

VNU declined F13.20 to F110.40 after confirming that it was holding talks with a possible Dutch company over a possible partnership in its printing operations.

Comments on this move, NatWest Securities in London said that while some investors may have been disappointed that VNU had not found an outright buyer for the division,

Sfr4,020, but Nestlé bearers fared worse with a decline of Sfr40 to Sfr1,130.

HELSINKI reacted to Thursday's downgrading of its foreign currency debt rating by S&P with a fall in the HEX index of 14.9 to 1,065.2. Turnover was some FM306m.

The bank index lost 2.7 per cent while forestry shares were 2.2 per cent lower.

VIENNA fell in line with neighbouring markets and the ATX index closed down 2.50 at 336.32, the lowest level for two weeks. Austrian Airlines put on Schio to Schi, 600 on reports of planned closer co-operation with SAS, KLM and Swissair.

ISTANBUL rebounded by 1.8 per cent after a two-day fall of 4.7 per cent, the market index closing 102.44 higher at 5,757.02. Traders said that next Wednesday's TL26,500bn of bond maturities were expected to flood Turkish financial markets with cash after two weeks of shortage.

SOUTH AFRICA JOHANNESBURG was mixed with a gain in the overall index of 12 to 3,451 and in the gold index of 10 to 1,088. The industrial index lost 2 to 4,471 with De Beers 50 cents lower at R66.50 and Anglo 50 cents higher at R97.75.

## ASIA PACIFIC

## Hong Kong falls sharply on Patten speech

## Tokyo

LAST minute buying by foreign investors and arbitrageurs boosted the Nikkei index above the 18,000 level for the first time since September 25.

The Nikkei closed up 132.73 at 18,037.52, its sixth consecutive rise and 7.3 per cent higher on the week; it moved between 17,823.52 and 18,043.95, fluctuating in the morning session on price fixing for March contracts of atack index futures and options.

Volume rose to 800m shares against 444m. Some 600m shares changed hands during the first hour on futures and options-related trading. Domestic institutions, which close their books for the March year-end, liquidated arbitrage positions, while foreign investors and public funds were the big buyers.

Gains led losses by 695 to 316, with 153 unchanged. The Topix index of all first section stocks rose 6.60 to 1,350.94 and, in London, the ISE/Nikkei 50 index edged up 0.44 to 1,085.40.

Traders said that continued selling by investment trusts and corporate investors was countered by foreign buying. The Tokyo stock exchange announced that foreigners were not buyers of Y10.5bn worth of stocks during the first week of March, turning buyers for the first time in four weeks. Investment trusts sold a net Y32.1bn worth of shares, while individual investors sold Y32.8bn. Banks became net sellers for the first time in 26 weeks, selling Y2.9bn.

Nippon Telegraph and Telephone continued to lead the rise, advancing Y15,000 to Y810,000. Corporate holders of NTT shares were also strong, with NEC, which holds 8,000 shares and was the most active shareholder, buying Y18 to Y77.9. Hitachi, which owns 6,000 shares, rose Y12 to Y76.7.

On the other hand, air transport was the worst performing sector of the day, falling 2.94 per cent. A sharp fall in Japan Airlines, which closed down Y28 to Y563 on rumours of heavy foreign exchange losses, weighed on the sector.

In Osaka, the OSE average rose 85.58 to 18,919.80 in volume of 31.5m shares.

## Roundup

BOMBAY's stock market was badly damaged after a bomb exploded near the trading floor, one of an estimated 19 that were detonated in the city yesterday. Hong Kong lost more than 3 per cent after Mr Chris Patten, the governor, said that he was to press ahead with democratic reform proposals.

HONG KONG fell sharply after Mr Patten's announcement, which came just before the close of trading. The decision surprised investors, many of whom had been expecting a resumption in Sino-British talks. The Hang Seng index, which had earlier seen a high of 6,447, closed 201.44 lower at 6,170.40, a fall of 3.1 per cent on the week. Turnover fell slightly to HK\$5.04bn from HK\$5.10bn.

The selling continued in London as over-the-counter share prices declined strongly, indicating a further fall in the Hang Seng of some 200 points. Analysts forecast that the Hang Seng could fall to 5,850 before the low prices begin to attract foreign investors.

Declines were widespread with HSBC Holdings down HK\$2.50 at HK\$66 and Hang Seng Bank, which reports 1992 earnings on Monday, HK\$2 lower at HK\$66. Jardine Matheson fell HK\$2.50 to HK\$50.

AUSTRALIA tried to extend its gains but a bout of pre-election nerves left the All Ordinaries index up just 0.4 to 1,661.5, off its morning high of 1,670.9, but 3 per cent better on the week.

Coal & Allied rose A\$2.05 to A\$11.10 on news of CRA's A\$11.10 share takeover offer. Analysts said that CRA should win control.

BANGKOK's SET index rose 19.50, or 2.2 per cent to 916.26, up 1.9 per cent on the week, in turnover of Bt8.86bn. There were rumours that Thailand's SEC could be considering reducing the level of punishment for those involved in share manipulation.

at a further fall in the Hang Seng of some 200 points. Analysts forecast that the Hang Seng could fall to 5,850 before the low prices begin to attract foreign investors.

Declines were widespread with HSBC Holdings down HK\$2.50 at HK\$66 and Hang Seng Bank, which reports 1992 earnings on Monday, HK\$2 lower at HK\$66. Jardine Matheson fell HK\$2.50 to HK\$50.

AUSTRALIA tried to extend its gains but a bout of pre-election nerves left the All Ordinaries index up just 0.4 to 1,661.5, off its morning high of 1,670.9, but 3 per cent better on the week.

Coal & Allied rose A\$2.05 to A\$11.10 on news of CRA's A\$11.10 share takeover offer. Analysts said that CRA should win control.

BANGKOK's SET index rose 19.50, or 2.2 per cent to 916.26, up 1.9 per cent on the week, in turnover of Bt8.86bn. There were rumours that Thailand's SEC could be considering reducing the level of punishment for those involved in share manipulation.

## LONDON SHARE SERVICE

## BRITISH FUNDS

Notes	Price \$	+ or -	High	Low	Yield	Int. Rate	Notes	Price \$
Star's 1000 1993-94	100.00	+	101.01	99.0	8.86	5.51	10/100 2003	119.91
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01	99.0	8.86	5.51	10/100 2003	123.00
Star's 1000 1993-94	100.00	-	101.01</					







## YES - Cont

[illegible][illegible]

	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20	Yr21	Yr22	Yr23	Yr24	Yr25	Yr26	Yr27	Yr28	Yr29	Yr30	Yr31	Yr32	Yr33	Yr34	Yr35	Yr36	Yr37	Yr38	Yr39	Yr40	Yr41	Yr42	Yr43	Yr44	Yr45	Yr46	Yr47	Yr48	Yr49	Yr50	Yr51	Yr52	Yr53	Yr54	Yr55	Yr56	Yr57	Yr58	Yr59	Yr60	Yr61	Yr62	Yr63	Yr64	Yr65	Yr66	Yr67	Yr68	Yr69	Yr70	Yr71	Yr72	Yr73	Yr74	Yr75	Yr76	Yr77	Yr78	Yr79	Yr80	Yr81	Yr82	Yr83	Yr84	Yr85	Yr86	Yr87	Yr88	Yr89	Yr90	Yr91	Yr92	Yr93	Yr94	Yr95	Yr96	Yr97	Yr98	Yr99	Yr100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				</

82	717	\$	
16	28.5	\$	
34	34.2	15.3	
48	744	18.8	
282	941	16.7	
72	78.2	10.5	
105	62.7	2.2	
<b>FT Annual Report</b>			
You can obtain the company's annual report from the company's annual report. 24 hours including weekends, the code FT84 working day, subject to waiting the code FT84			
<b>FT Cityline</b>			
Meet the weekly change			
33	15.8	10.5	
208	384	12.5	
77	42.8	14.3	
7	5.9		
308	1,098	7.1	
117	173.8	7.8	
17	59.5		
33	876.6	3.9	
41	208.0	8.1	
72	5.08	16.4	
115	501.8	8.9	
18	17.7		
15	244.5	8.8	
18	25.0	\$	



Federal troops flown in after wave of bombings on commercial targets

## Bombay blasts leave 200 dead

By Alexander Nicoll,  
Asia Editor

THE INDIAN government flew federal paramilitary troops in to Bombay last night after more than a dozen bombs exploded in the city, killing about 200 people and injuring more than a thousand.

The devices, mostly car bombs, appeared to be a systematic attack on India's commercial heart. All exploded within 90 minutes in the afternoon. Among the targets were the Bombay Stock Exchange, the landmark Air India building, a shopping complex, and two hotels near the airport.

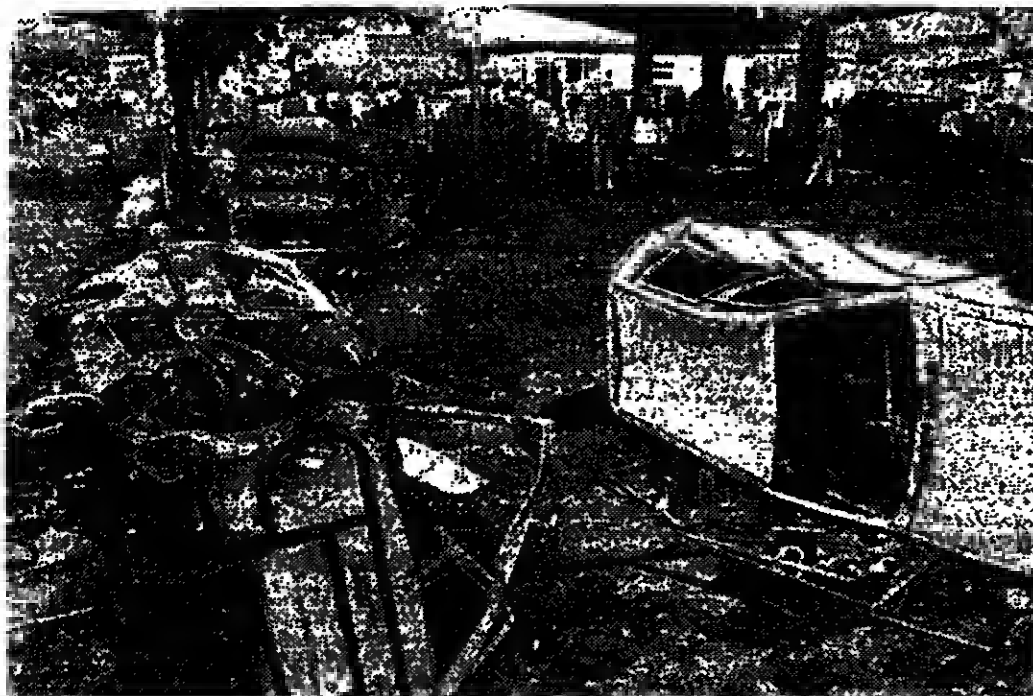
The identity of the bombers was unknown, but the attacks were a severe setback to India's attempts to heal the wounds created by recent intercommunal violence, which has caused deep shock throughout India.

More than 2,000 people died in riots, including over 700 in Bombay, after the razing of a mosque at Ayodhya in northern India by Hindu zealots on December 6.

The bombs appeared designed to stir a renewal of communal strife and to undermine efforts by the government of Mr P.V. Narasimha Rao to open up the economy and attract foreign investment and tourism.

One of the targets was close to the headquarters of Shiv Sena, a Hindu nationalist party accused of fomenting violence during the riots, in which most victims were Muslims.

National and local state leaders appealed for calm in an attempt to prevent a renewed outbreak of



Damage: the commercial heart of the city was subjected to a series of blasts, mostly caused by car bombs

violence. Mr Rao urged the nation to ignore rumours after the "inhuman and criminal bomb blasts".

Mr Sharad Pawar, the former federal defence minister just reappointed chief minister of Maharashtra state, said all roads into Bombay had been blocked and the army put on alert. He said, "It is aimed at disrupting the economy and it appears a conscious effort because only Bombay seems to be the target."

Mr Shankarrao Chavan, the

federal home (interior) minister, told parliament in New Delhi: "We suspect an international conspiracy."

The Indian High Commission in London said the attacks were "part of the externally supported terrorism which has targeted India for some time."

However, Indian officials stopped short of directly accusing Pakistan, the country's arch-enemy.

The bomb attacks were spread throughout the city and were

clearly aimed at the city's better-off business people - in contrast to the riots in which victims were mainly poor.

At the 28-storey stock exchange building, about 3,000 people were on the second-storey trading floor when a bomb exploded in the underground car park, hurling shards of glass across the floor and into the street. Some victims were crushed in the stampede to escape. Outside, burned bodies lay among litter from shattered buildings.

## Patten presses on without China deal

By Simon Holberton  
in Hong Kong

BRITAIN and China have failed to agree a basis for talks about Hong Kong's political future, Mr Chris Patten, the colony's governor, told the local legislature yesterday.

He ordered immediate publication of his democracy legislation. Mr Patten told a packed Legislative Council (LegCo) that the UK and Hong Kong governments had done all they reasonably could to achieve agreement with China. But Beijing had refused to accept Hong Kong government officials as part of the British team and would not commit itself to a date for the start of talks.

China's reaction was swift. A senior Chinese government official

said the governor's action meant Sino-British talks could not proceed. Mr Zheng Guoxiong, vice-director of Xinhua News Agency in Hong Kong, said Mr Patten had "deliberately ruined the foundation of talks".

The Hong Kong stock market reacted badly. The Hang Seng index, which only earlier this week had risen to record levels, fell sharply in the last hour of trading. The index ended 201.44, or 3.16 per cent, lower at 6,170.40.

Mr Patten said he remained prepared ready to talk to China about arrangements for the colony's 1994-95 elections. He would not present the bill to LegCo on Wednesday, as would be normal, but would judge "in the light of subsequent developments" when best to do so.

The governor made it clear that China's conditions for talks were totally unacceptable. "I cannot see how [diminishing the standing of Hong Kong government officials] demonstrates sincerity or how it demonstrates a commitment to make a success of talks, a success that I would like to see."

He told BBC radio he was not prepared to "humiliate" Hong Kong by agreeing to China's demand that talks should be between Beijing and London without Hong Kong representatives. "What I'm not prepared to do is to confuse being accommodating and conciliatory on the one hand with having absolutely no principles on the other."

A British Foreign Office official said last night it was hard to

escape the conclusion that China had engaged in an elaborate exercise of deception. From virtual agreement to talks on Thursday morning it tried to change the basis for talks on Thursday afternoon and yesterday morning.

Reaction within LegCo to Mr Patten's decision divided largely along party lines. Liberal politicians supported his stand while conservative legislators reacted with disappointment.

Mr Allen Lee, leader of the main conservative bloc in LegCo, said he could not envisage a situation where Britain and China confronted each other for the next four years.

Governor throws down the gauntlet, Page 9  
Hong Kong shares drop, Page 21

## Car park spying trial

Continued from Page 1

lance of directors, searches of offices and the infiltration of "moles" into the rival company.

The two defendants argued they thought the operation was inside the law and had not been intended to damage Europarks.

After their acquittals, Judge Richard Hawkins turned down applications from both men for their costs to be met from public funds. Lawyers for Mr Layton said: "The fact that the trial took place at all has shown the law relating to private security services to be in a very unsatisfactory state and in need of clarification."

NCP had remained confident of Mr Layton's innocence and he would now return to his work as chief executive, they said.

After the verdicts, the prosecution dropped charges against two other involved in the espionage operation. Mr Ian Crooke, a former SAS colonel and KAS manager, and Ms Jane Turpin, a former Army captain who had infiltrated Europarks for KAS.

## Birt pay scheme row revived as BBC governors voice concern

By Andrew Jack, David Owen  
and Raymond Snoddy

PRESSURE increased yesterday on Mr John Birt, BBC director-general, and Mr Marmaduke Hussey, his chairman, over Mr Birt's tax affairs and his years as a freelance consultant at the corporation.

More BBC governors broke with tradition and spoke anonymously of their concerns about damage to the BBC's reputation and their anger that they had not been told of the unusual pay arrangement for Mr Birt agreed by Mr Hussey and his vice-chairman, Lord Barnett.

Nearly two weeks after the revelation that Mr Birt as deputy director-general had been hiring himself to the BBC through his private company, John Birt Productions, and thereby saving tax the row shows no sign of fading.

On Monday Mr Birt expressed regret and applied to join the staff, but the row revived on Tuesday with his

refusal to name the secretarial assistant paid £15,000 by his company and the subsequent revelation that she was his wife Jane who also received a £14,000 fee as a director.

Lord Bonham-Carter, a former vice-chairman of the BBC governors, said last night: "I think John Birt's position is becoming increasingly difficult as one revelation follows another." He said the governors had "every reason to be extremely angry if they were not informed about the nature of this arrangement".

One senior governor said he was "concerned very deeply" that he had not been told about such a "non-standard arrangement".

The governors meet on Wednesday at a dinner in honour of Sir Michael Checkland, the retiring director-general. The dinner will be attended by Mr Birt.

The future of Mr Birt and Mr Hussey could be decided at Thursday's formal meeting of the governors.

Yesterday Labour MP Mr David

Winnick called on Mr Birt to resign. "There is a growing feeling in political circles and I am sure within the BBC that the best course of action would be resignation," he said.

Some 64 MPs, including many members of the Labour front bench, this week signed a parliamentary early day motion severely critical of BBC management.

The Department of Trade and Industry has launched an investigation of company accounts prepared by Mr Michael Henshaw, the accountant employed by Mr Birt. The probe will cover a number of companies created by the media who have been advised by Mr Henshaw. It follows revelations that the 1991 accounts of John Birt Productions failed to comply with a range of auditing and accounting requirements, such as not signing the auditor's report, which will prove embarrassing to Companies House, the official depository of corporate information.

## THE LEX COLUMN

## Red noses, red screens

Yesterday's 37-point fall in the FT-SE 100 index injects a note of realism into UK equities. Unfolding events in Russia and Hong Kong, combined with a tumbling US equity market, provided the excuse. But the results season so far has been something of a mixed bag. Given the potential for upset in next week's Budget, and the continued flow of rights issues, good reasons for caution can be found closer to home.

There are some striking contrasts in the latest crop of company results. Figures from companies as diverse as BAT Industries, BTR, and GKN proved well up with the market's best expectations. Companies which cut costs and maintained investment through recession now have the operational gearing to deliver earnings growth.

There are notable exceptions. The £184m pre-tax loss and dividend cut announced by Rolls-Royce on Thursday was a reminder that sections of UK manufacturing are still fragile. Equally, Vickers and WPP are not last in the queue of companies hoping to repair damaged balance sheets with a rights issue.

Selective buying, then, may be the best strategy. The strength of the FT-SE 100 index relative to small and medium-sized companies suggests that the blanket buying of cyclical stocks seen this winter has come to an end. That is not before time. There is still an outside chance the chancellor will be tempted into an early tightening of fiscal policy on Tuesday. If that was seen to prejudice the chances of recovery, companies travelling hopefully for the last six months will look vulnerable indeed.

### Pilkington

Pilkington looked rather silly three years ago when rival Saint Gobain swept up the Solaglass distribution business and strengthened its grip on the UK market. The acquisition of Heywood Williams' glass merchanting arm helps spare its blushes.

The deal gives Pilkington 24 per cent of the distribution market, delivering a firm customer base and the critical ability to increase the utilisation rates of its float lines. The move makes so much strategic sense that one wonders why Pilkington did not act before. After all, such vertical integration is common in most other European markets.

The main worry is the cost. Pilkington is doubtless right that it could not afford to pass up the opportunity. Nev-

FT-SE Index: 2915.9 (-37.5)

### Pilkington



ertheless, £96m looks a lot for a business that made profits of just £2.7m last year. Although the purchase will enhance earnings and will ease Pilkington's ACT burden, it will also nudge year-end borrowings close to £1bn.

Yet events are beginning to swing Pilkington's way. The pound's devaluation has enabled it to recapture market share. Its 8 per cent price rise in the UK has a reasonable chance of sticking. The likely sale of its US Soda business in the early summer seems set to realise more than £200m. Even so, Pilkington will face a dilemma whether to maintain another uncovered dividend. The company must hope that its recovery prospects by then will be strong enough to render such worries obsolete. It is a tight call.

### UK engineering

This week's clutch of engineering company results once more showed the corrosive effect of advance corporation tax on foolhardy companies which earn profits overseas. Given that the chancellor is strapped for cash, there is unlikely to be much help on Tuesday, despite the government's hollow rhetoric about overseas trade. Still, at least most of the companies seem to have learned one lesson from the last recession. They cut costs early and used real business levels, rather than Mr Lamont's claims on the economy, as a strategic guide.

Other defensive measures have been less well rewarded. International diversification has meant that companies which had to endure the long Anglo-Saxon recession will now have to follow on with a long continental

European decline. While distorted, January and February's 23 per cent fall in continental car sales is a chilling indication of how bad things might get. And despite the strengthening US recovery, the UK car component manufacturers' greater exposure to Europe will mean another very tough year ahead. The flawed logic of balancing aerospace interests with motorising business has been exposed by the severe downturn in both areas. Rumblings from Boeing suggest that it will have to cut production once more.

The clearest victim of these problems is Lucas, which has yet to report. It is slap-bang in the target zone, has been persistently over-optimistic about trading and held back from cutting costs. Small wonder that it is proving tough to find a new chief executive.

### Drinks sector

The near 10 per cent relative decline of the UK drinks sector this year reflects not only its fading defensive attraction. Alcohol is an obvious target for a chancellor wrestling with a PSBR of more than £40bn. Not surprisingly, the industry is busy inventing reasons why increased duties could be counter-productive. The tax take might suffer when domestic consumption of beer and spirits is dropping and personal imports from the continent are growing.

Where beer is concerned, these arguments would add less than 1p to the price of a pint. That is much less than the large price increases imposed a couple of years ago by brewers and which contributed heavily to the fall in demand. Slight over-indexation of duty would not now make matters significantly worse. Though personal imports account for nearly 10 per cent of the take-home trade, the share was 6 per cent before allowances were increased in January. The trend will be clearer by the November Budget.

The spirits case is stronger. The alcohol in spirits is taxed more heavily than in beer and wine, and markedly more than in cider. High UK duty undermines producers' ability to argue against duty increases in European export markets. But EC harmonisation is a long-term issue. There have been some sharp wholesale price increases in spirits this year. The stock market is probably right to assume that the chancellor will be letting those responsible off lightly if he opts for mere indexation.

This announcement appears as a matter of record only



**BCE Telecom International Inc.**

A subsidiary of BCE Inc.

has acquired for £480 million  
a 20% interest in

**Mercury Communications Limited**

A subsidiary of  
Cable and Wireless plc

**Cable and Wireless plc**

has acquired for £30 million  
a fully diluted 20% interest in

**BCETI Cable Limited**

A subsidiary of BCE Inc.

The undersigned acted as financial advisers to  
BCE Telecom International Inc.



**WASSERSTEIN  
PERELLA & CO**

**BARCLAYS de ZOEETE WEDD  
LIMITED**

January 1993

CHIEF PRICE CHANGES YESTERDAY											
<b>FRANKFURT (Dm)</b>			Goodyear 74 1/2 - 1			Osaka 578 + 64			Pilkington 108 + 7		
Bases			Intl Paper 63 1/2 - 1			Oslo Elec 721 + 76			Sermy Farming 68 + 15		
New York prices at 12.30pm			Paris (FFrs)			Tamara Dev 700 + 72			Smith (David S) 328 + 12		
Adia 485 + 15			Bases			Japan Airlines 563 - 28			Pailla		
DLW 1059 + 34			Oran 135.6 + 12.6			<b>London (Pence)</b>			Chiffon Radio 64 - 7		
Heldal Zim 1025 + 40			Pailla			ADT 663 + 25			Colfax Power 48 - 5		
Falke 1215 - 20			Sankate Co 451.5 - 12.6			Cussins Property 58 + 12			Gestetner 130 - 7		
Verein-West 329 - 8			Carol 1320 - 29			Oran 58 + 8			H300 624 - 37		
<b>New York (\$)</b>			Grand Lyon (Cl) 520 - 15			Diploma 456 + 15			Hartstone 142 - 13		
American Express 27 1/2 + 1/4			Palbalt 416 - 11.1			Oran Telecom 98 + 8			Huntingdon Int'l 183 - 45		
Alcoa 69 1/2 - 1 1/4			Rheinstetten 282.2 - 12.8			Luxembourg 238 + 53			Indochina 583 - 26		
Caterpillar 57 1/2 - 1 1/2			<b>Tokyo (Yen)</b>			Las Vegas 218 + 13			Norva 147 - 5		
Gen Electric 65 1/2 - 1 1/2			Bases			Northern Electric 90 + 10			Protus Int'l 390 - 21		
			Alcoa 757 + 12			Osaka 147 + 6			Smith Beecham A 469 1/2 - 21 1/2		
			Caterpillar 330 + 36			Peim 277 + 26			West Trust 48 - 5		
			Gen Electric						Wills Corron 199 - 9		
<b>World Weather</b>											
UK Today: Grey start for much of England and Wales but some sunshine during the day. Patchy rain will spread into western regions later in the evening. Northern Ireland and western Scotland becoming cloudy with rain.											
Temperatures at midday. 1 Noon GMT temperatures. C - Cloudy D - Drizzle F - Fair FG - Fog H - High L - Rain S - Sunny SI - Sleet SN - Snow T - Thunder											
Algeria S 14 57			Cairo S 17 83			Inverness S 13 69			Melan F 12 54		
Algiers S 14 57			Cape Town C 22 72			Isle of Man S 18 48			Montreal S -21 -6		
Amsterdam S 15 64			Curtin S 18 61			Alaska S 9 48			Moscow S -10 16		
Athens F 16 39			Gologos S 15 58			Jersey F 8 40			New York S 23 29		
Bahrain S 27 81			Copenhagen S 5 41			London S 15 59			Paris F 14 87		
Barcelona S 13 46			Cork S 15 59			London S 15 59			Paris F 14 87		
Beijing S 12 84			Dallas F 4 39			London S 15 59			Paris F 14 87		
Belarus S 8 46			Dubai S 28 86			London S 15 59			Paris F 14 87		
Belgrade F 10 60			Dunrobin S 14 57			London S 15 59			Paris F 14 87		
Berlin F 7 48			Edinburgh F 11 57			London S 15 59			Paris F 14 87		
Birmmgham S 13 46			Faro S 13 55			London S 15 59			Paris F 14 87		
Birmingham S 13 46			Florence F 13 55			London S 15 59			Paris F 14 87		
Buenos Aires S 11 52			Frankfurt S 12 54			London S 15 59			Paris F 14 87		
Calcutta S 11 52			Geneva S 11 52			London S 15 59			Paris F 14 87		
Cardiff S 18 61			Gibraltar S 18 59			London S 15 59			Paris F 14 87		
Cebu S 18 61			Glasgow S 11 52			London S 15 59			Paris F 14 87		
Chennai S 18 61			Guernsey S 11 52			London S 15 59			Paris F 14 87		
Cirencester S 18 61			Helsinki S 11 52			London S 15 59			Paris F 14 87		
Cologne S 18 61			Hong Kong S 11 52			London S 15 59			Paris F 14 87		
Copenhagen S 18 61			Imbabuk S 11 52			London S 15 59			Paris F 14 87		
Cottbus S 18 61			Inverness S 13 69			London S 15 59			Paris F 14 87		
Cottbus S 18 61			Inverness S 13 69			London S 15 59			Paris F 14 87		

Temperatures at midday yesterday 1 Noon GMT temperatures: C-Cloudy Dr-Drizzle F-Fair Pg-Fog H-Hail R-Rain S-Sunny SI-Short Sn-Snow T-Thunder

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9PL. © The Financial Times Ltd. 1993. "ACTUARIAL SHARE INDICES", "FINANCIAL TIMES", "FT", "FT ORDINARY SHARE INDEX", "FT-100" are all Trade Marks and Service Marks of The Financial Times Group.



# Weekend FT

SECTION II

Weekend March 13/March 14 1993

## Carnival: a dance to the music of crime

**T**HE illuminated clock tower of Rio Central railway station told me it was 4.15 am. I was balancing three plastic peacocks, each a metre high, on my head and a pair of sequin-encrusted plasterboard wings on my shoulders. My torso was contorted by a body stocking several sizes too small and my legs tottered on silver boots. I reflected that I had never really wanted to parade, clad like this, before 60,000 people. Especially at this hour.

With my centre of gravity somewhere behind my neck, an armpiece fell off if I moved my legs. If I waggled my arms, the head-dress started to slide. As if to accentuate

my discomfort, a group of wayward birds started a jarring rendition of the dawn chorus. The dull thud of a hangover was pounding my temples and my smile was a grimace.

I was about to compete in Rio's yearly carnival parade as one of the 4,500 dancers defending the reputation of the Mangueira samba school - and still I had not mastered the samba despite the valiant efforts of Carlinhos de Jesus, my fleet-footed teacher.

The shout went up. It was our turn. Fireworks exploded and drums thundered until the whole road shook and the air quivered with excitement and anticipation. Our feet pawed the ground like racehorses. Pushing us into lines, a man with a stick yelled "Move it! Open your mouth! Sing!". Then we were off, running suddenly into the glare of a thousand lights. All around in the stands, a blur of faces were waving pink and green flags - the school's colours - and cheering "Mangueira!"

The digital clock marking our progress moved slowly. We had 65 minutes to pass along the 540m avenue. For the first 10, I thought I would never make it. My throat rasped like sandpaper as, over and over, I croaked out the words of our song: "I'll devour this mango, even the core." Sweat poured down my face, glitter in my eyes. Suddenly, though, propelled by the energy surging from the crowd, my feet began skipping in an extraordinary way. I became part of an enormous magical opera, a wealth of feathers and glitter, of floats bearing giant golden elephants, painted zebras and fearsome warrior heads. Carlinhos had said that samba moves people because its rhythm is like the beat of the heart - and he was right. It was addictive, I never wanted to stop.

The parade, which stretches from dusk to dawn on two nights, is the glittering centrepiece of carnival, the biggest, most lavish party on



earth. A week-long jamboree, it involves hundreds of thousands of people and brings the whole of Brazil to a stop. But, unknown to the mesmerised tourists, the glamour and glitz hides the fact that it is funded largely by organised crime. The sponsors of the party are the *bicheiros*, the men who run the *jogo do bicho*, or animals' game - an illegal gambling racket - and whose tentacles spread through the under-

same time, the African slaves on the sugar plantations in Brazil's north-east had their own, far humbler carnival when one man would dress up as king for the day. The two fused late in the 19th century after abolition of the trade and a searing drought in the north-east sent many former slaves to Rio. The pounding samba beat was the result of a suggestion by a Portuguese named Ze Pereira that all the mem-

1984 it was transferred to the Sambadrome, a specially-constructed stadium designed by Oscar Niemeyer and consisting of a long cement corridor lined with rows of boxes and stands. What really turned carnival from a somewhat ramshackle affair, with the poor scraping together their own costumes and floats, into the grandiose spectacle of today was the *bicheiros*. The *jogo do bicho* is as

1,200 lotteries employing some 40,000 people. It costs just Cr1,000 (3.5p) to bet and the game is so popular, particularly among Rio's 3m *favela* (slum) dwellers, that it moves millions of dollars each week. No one cracks down because the police receive kickbacks, the politicians often have their campaigns funded by the *bicheiros*, and the people can dream of winning fortunes.

*Bicheiros* have long contributed to samba schools to gain support in the poor communities where most of their clients (and much of the electorate) live, but their patronage has become more explicit since the 1970s. The turning point was 1975 when a *bicheiro* known as Anisio hired a top carnival designer, Joaozinho Trinta, to produce a spectacular parade with huge papier-mâché animals, spinning roulette wheels and fabulous costumes for his school, Beija Flor. Since then, the *bicheiros* have thrown money at the schools in attempts to outdo each other. In 1984, they created the Premier League, in which only the Mangueira school is not run by them but by an elected president. Samba schools each spend an average of more than \$1m on the parade and some as much as \$4m,

up to 50 per cent of which is *bicheiro* money. Such large sums mean that the parade has, increasingly, become professionalised. Schools hire directors and keep dancers and singers on fat retainers, swapping and selling them like football stars. Watched live on television by 50m, the splendour of the costumes and floats has superseded the importance of energy and dance skills in judging each parade.

My school, First Station of Mangueira, is one of the oldest. It was founded in 1924 at Rio's first suburban railway station. In its fierce struggle to retain some independence, it has obtained some sponsorship from companies such as Shell. But the *bicheiros* are infiltrating: they have taken one directorship already and the jaws of the big-timers who do not yet control a school are snapping at the door. The last-but-one president was assassinated and rumour has it that drug money is rife.

This year, a series of misfortunes suggested that Mangueira could keep out the *bicheiros* no longer. Already-scarce funds were frozen last month when a judge ruled in

Continued on Page XV



The author in her samba costume

*It's famous and it's fun, as Christina Lamb discovers when she dances the samba through the streets at dawn. But the reality is that Rio's showpiece festival hides a dark underside - crime*

world of Rio. Maria Laura Cavalcanti, an expert on carnival from Rio's Institute of Folklore, says: "Beneath the parade's beautiful face of light and art lurks a dark underside of crime, killing and urban violence."

It was not always so. Carnival has religious origins: the date marks the start of Lent and the name derives from the Italian *carne vale* (goodbye to meat). It began last century with European costume balls and parades for royalty, based on the Italian Commedia dell'Arte. At the

bers of his carnival club should play their drums at the same time.

Founded in the 1920s, the first samba schools were so-called because they used school grounds for their rehearsals. Today, there are 60 schools in Rio, mostly in the poorest areas after which they are named, and they have become the heart of their local communities. The 14 top clubs, or Premier League, compete annually in the main parade. This used to be in Avenida Rio Branco, the city's main commercial thoroughfare, but in

old as the republic, having been launched by a certain Baron Joao Batista Drummond to raise funds for his private zoo after the Portuguese empire ended in 1888. The lottery - in which different animals represent different numbers - was such a success that it was copied and multiplied, going underground when gambling was declared illegal in 1946.

Despite being illegal, there are gambling points visible on almost every street corner and around 300 *bicheiros* in Rio run a network of

## The Long View / Barry Riley Closing escape hatches



**THIS IS** a time for the vision thing. Alas, we are unlikely to get much of this scarce commodity in Norman Lamont's Budget statement next Tuesday, but it is important to turn aside from the narrow focus on occasional greenish shoots of recovery and instead take, to coin a phrase, the long view.

Serious errors of domestic economic policy have plagued us but the most important influence is exogenous. As the vast potential of China is being unleashed upon the global traded goods market, with 1.1bn people willing to work for \$1 an hour, and several hundred million more are entering the global economy in Eastern Europe.

It is not just a question of cheap Russian fish, which seems to be the latest point of friction: the point is that the market value of low-skilled labour in Britain is tumbling generally. There appears to be acceptance of this, albeit reluctant: in my district this week, bus drivers confronted with a pay cut of some 10 per cent did not even obey a one-day strike call.

For Lamont the serious budgetary consequences include a reducing tax take and rising benefit costs. These structural problems cannot be cured in the short term by any conceivable economic growth rate. So the government's responsibility is not to engineer some kind of economic miracle, but rather to establish a stable financial framework and to attempt to reconcile people to the real world. And while the labour market crisis is painful it does present important opportunities.

kets. But in any event it will be a huge figure.

Luckily we are starting from the base of a relatively low debt burden of about 40 per cent of GDP and, although massive deficits could raise that to perhaps 60 per cent in about four years, the burden would be no more than in the early 1980s. But the cost of borrowing will prove increasingly important. Fortunately, the global hull market in bonds has helped to drag the cost of issuing long-dated British government securities down from over 9 per cent to about 8 1/2 per cent. But the official central expectation of inflation, on the basis of the 1-to-4 per cent target range, is only 2 1/2 per cent.

Is the government seriously prepared to fund at a real rate of nearly 6 per cent? The big deficits of the 1970s were financed at a zero real rate. There is profound disbelief among professional investors: the inflation rate implied by the real interest rate on index-linked gilts is still 4.8 per cent. Norman Lamont cannot deliver an economic miracle next Tuesday, but he could attempt the humbler task of undermining these inflation assumptions.

**H**ow? Well, the reason for the City's cynicism, besides bitter past experience, is that the government is still clinging to inflationary escape hatches: the modest debt-financed recovery in consumer spending in January has been officially welcomed, and there are still dreams of a new wave of mortgage lending at cheap rates that might raise house prices and bail out busted borrowers and shaky lenders alike. The underlying reality, however, is a collapse in earnings growth that is cutting real incomes and is making a house price recovery impossible.

This should above all be a Budget for cutting interest rates, long as well as short. The obvious comparison is with Geoffrey Howe's notorious tax-raising 1981 Budget to which 365 Keynesian economists laid unavailing siege (some are still camped outside the gates). But there are big differences. Howe had to

contend with a much higher inflation rate of 12 1/2 per cent, but at the same time there was a balance of payments surplus so the country was able to borrow and consume its way out of recession. This time around we must invest and produce towards recovery.

These are technicalities, but short-term rates must go down in order to steepen the yield curve, especially between one and five years, and thus to increase the relative appeal of longer-term government paper. This in any case will need to happen if the so-called full funding rule is relaxed with the objective of financing part of the Budget deficit through the banking system. But sterling in these circumstances will be vulnerable, and in the past, most recently in 1988, uncontrolled credit surges triggered by low interest rates have proved highly inflationary.

This is the right moment, therefore, to tackle the short-termism of the housing market. Tax relief on mortgage interest should be withdrawn except in respect of loans on which the interest rate is fixed for at least five years. Efforts should also be initiated to redirect small business finance through new longer-term institutions rather than the banks, which no longer want most of this business anyway.

Such measures would alleviate fears of inflation because they would tend to reduce the growth of the broad money supply. Moreover, the politically-sensitive interest rate paid by home owners would become linked to the long-term one rather than the short-term money market rate. Readers would demand that the sterling long bond yield should be listed on the FT's front page.

To keep mortgage rates low the government would need to follow prudent, non-inflationary policies. Signs of irresponsibility would send up rates and tend to produce weakness in the housing market, whereas at present imprudence is often associated with lower short-term rates and therefore with political popularity.

Just supposing you were a Downing Street visionary, even higher taxes could have their good side.

## THE SWISS KNOW A THING OR TWO ABOUT MONEY

The Swiss have an enviable reputation when it comes to safely looking after their own and other investors' money, and investors around the world recognise the benefit of owning investments denominated in Swiss Francs. Between May and December 1992, the Swiss Franc appreciated by 24% against Sterling, 9% against the US\$, and 4% against the D-mark.

Falling interest rates provide excellent opportunities for investment in bonds, and many investors select bonds denominated in Swiss Francs, a hard currency which has historically enjoyed a low exposure to political and economic risk. Now anyone can invest in first class Swiss Franc denominated bonds - by purchasing units in the Swiss investment scheme of B.I.A. Bond Investments AG, Switzerland.

"B.I.A." is a well known Swiss investment company, and its scheme is also recognised by the UK Securities and Investment Board, listed on the Luxembourg Stock Exchange, and authorised in Hong Kong. B.I.A.'s Swiss Franc bond scheme is similar to a unit trust, and investors benefit from any increase in B.I.A.'s Swiss Franc denominated unit prices and from any currency gain that may arise.

B.I.A.'s investment advisers are Pictet & Cie, Geneva, one of Switzerland's largest and oldest private banks. The portfolio of first class Swiss Franc bonds and deposits is conservatively managed to maximise capital growth, and the income is reinvested. The Swiss Franc denominated price of B.I.A.'s anonymous "bearer" certificates is quoted daily in the Financial Times. Each unit now costs about SF9,900 - approximately £430.

Please note that the price of units can go down as well as up, and investors may not get back the amount that they invested. The Sterling value of units will increase or decrease depending on exchange rate movements.



Details are available to investors and advisers from B.I.A. or its UK representative who approved this advertisement: David Burrows, Marketing Director, International Investment Consultants Ltd., 30 Finsbury Square, London EC2A 1SB. Telephone: 071 638 2540 or 071 588 1932. Fax: 071 628 2472.

McNamee/Name Address Postcode Telephone

Signature

Postcode Telephone

**B.I.A. Bond Investments AG, Switzerland**  
8 Baarerstrasse, 6301 Zug, Switzerland

### CONTENTS

Finance & Family: Income shares - the danger of going for yield III

Arts: Claudio Abbado puts his stamp on Karajan's orchestra XII

Records: Mozart to Little Milton, rock to requiems XIII

Fashion: Professional dress: what to wear in the City XIX

Perspectives: Rebecca Stephens on why she is climbing Everest XXI

Private Views: Victorian Valhalla where Marx and Rossetti lie XXIV



Drinks: Edmund Penning-Rowell explores the mountain vineyards of France's Basque country ..... Page XVI

Arts	XI-XII
Books	X
Bridge & Chess	XIII
Crossword	XXII
Fashion	XVIII & XIX
Finance & the Family	II
Food & Drink	XVI
Gardening	XVII
How To Spend It	XIV
Markets	XXIV
Motoring	XV
Private View	XXIV
Sport	XIV
Travel	XXIV
TV & Radio	XXII



MARKETS

London Markets

# Down behind the U-bend, horror lurks

By Peter Martin, Financial Editor

ON THURSDAY, disaster befell the London Stock Exchange's plans to overhaul its plumbing, and the plumber left abruptly, leaving a nasty-smelling mess behind. The hoped-for new plumbing was the exchange's Taurus scheme to abolish share certificates and computerise the process of transferring them from seller to buyer. The plumber was Peter Rawlins, the exchange's chief executive, who resigned.

The dirty job of salvaging the situation will go to the Dyno-Rod team at the Bank of England, by now well used to peering into the City's dark corners in search of the unspeakable.

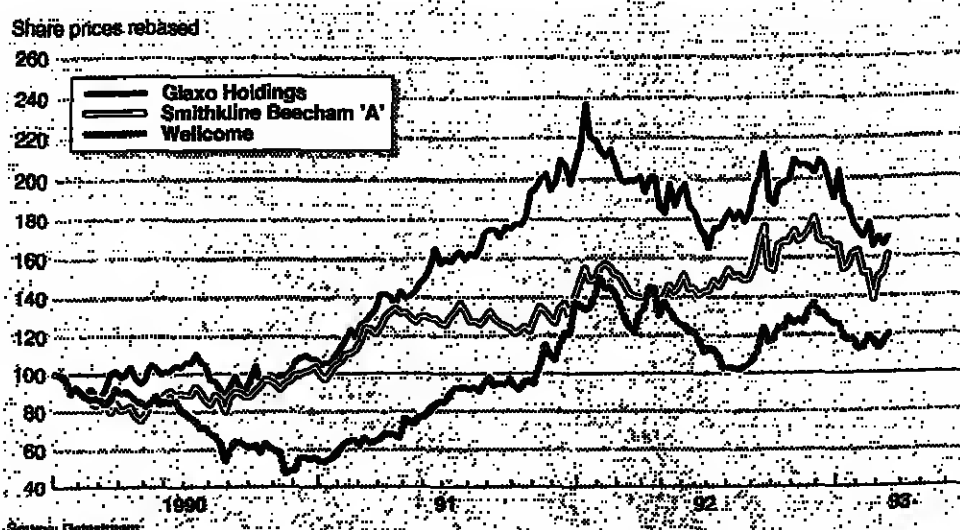
The City reacted to all this much as you might expect the tenants of a ramshackle building to respond to distant rumblings in the pipes. They complained that London was the laughing-stock of Europe, they blamed each other, they said "I told you so" - and they didn't let it make a blind bit of differ-

ence to everyday life.

The market learnt the first tidings of Taurus's imminent demise on Wednesday; that day the FT-SE 100 rose 6.8 points to 2,356.7, less than a point away from the record close set on Monday. On Thursday, when the cancellation became official, the index dropped only 3.3 points. Almost all that loss was attributable to a further slide in the shares of Glaxo, until recently the City's darling.

All glamour stocks get their come-uppance in time, and in principle there is nothing remarkable about Glaxo's fall from favour. In practice, though, there are two striking features. One is the sheer hulk that Glaxo has assumed in the UK's financial landscape. Last autumn, it was the second most valuable company in Europe, ranked by market capitalisation, and the most valuable purely UK company. (The top-ranked group was Royal Dutch/Shell, which is only 40 per cent British.)

Though Glaxo has now



slipped back behind British Telecom in market capitalisation terms, it is still worth around £20bn, making up 3.3 per cent of the FT-SE Actuaries 350, the stocks likely to be of interest to the typical institutional fund manager. When Glaxo sneezes, the market catches cold.

The second striking feature about Glaxo is that, for the most of blue chips, it is a rather idiosyncratic company. For the last 13 years, it has been dominated by Sir Paul Ghormley, its chairman, who has dragged it from obscurity to its present status as one of the two darlings of the world drug industry. (Merck of the US is the other.) Sir Paul, now 67, has already shown one chief executive the door, and this week he did it again, ushering Ernest Mario firmly out.

Just as the management is dominated by one enormously

powerful and talented individual, so the profits are dominated by one enormously successful product, the ulcer-drug Zantac. Both will soon be reaching the point at which their contribution to the company starts to taper off; investors are understandably nervous about the prospect.

Mario's departure pushed the shares down by 6 per cent in the immediate aftermath of the announcement. They recovered much of that during that day, and moved sideways on Friday, closing the week at 655, up 5p. Any uncertainties about Glaxo's management were offset by the thought that the company would now scarcely be likely to make a rights issue to finance a big acquisition, one of the market's recent fears. Still, management succession is an issue; the transition from a powerful chairman is never easy.

Look at BTR, another company associated in the public mind with a strong-minded and creative chairman. That man, Sir Owen Green, stepped down this week. The new chairman, Norman Ireland, is eminently qualified for the post, having just ended a successful spell as chairman of Boverton.

So far, so smooth. Seen from another point of view, however, the transition is an incomplete one. Ireland is 65 years old, and is best known for the years he spent at Owen Green's side, as one of the triumvirate who ran BTR in its years of fastest growth. His appointment raises the suspicion Sir Owen was not yet ready to hand over full power to a younger generation.

The stock market paid less attention to such thoughts, however, than to BTR's

results, announced on the same day: an 18 per cent rise in profits to £1.09bn, and evidence that the acquisition of Hawker Siddeley in late 1991 had not affected the group's traditionally healthy trading margin. The shares ended the week at 610 1/2p, up 26 1/2p.

Other results were less reassuring. S.G. Warburg's running assessment of bow company results compared with its analysts' expectations shows a surprisingly poor figure - a drop in pre-tax profits by 20 per cent compared with the previous year, twice as bad as had been expected. For manufacturing companies, where expectations had been rosy, the disparity was greater.

Investors appeared to be taking little notice of these figures, partly because - Barclays apart - there have been no real individual horror stories, and partly because much of the impact is ascribed to the switch to the new FR33 accounting principles.

Also at work was a traditional pre-Budget rally: BZW's Richard Kersley calculates that over the past five years, the FT-SE 100 has risen some 3 per cent in the month before the Budget, then dropped back exactly that amount in the month that follows.

Still, on Friday the rumbling in the pipes grew louder: the drop in the Hong Kong stock market dragged down the FT-SE 100 though its impact on HSBC Holdings, the London holding company for Hong Kong & Shanghai Banking Corporation, HSBC shares fell 5.7 per cent, ending the week at 60 1/2p, down 12p. The index dropped 37.5 points, closing at 2,315.9, a fall of 6.2 on the week. Has anyone seen the plunger?

Serious Money

# Don't be rushed by the taxman

By Philip Coggan, Personal Finance Editor

IT IS easy to get buried into making investment mistakes at the end of the tax year. The pressure of the April 5 deadline, the advertisements in the papers and the brochures in the mail, the feeling of guilt at having neglected their finances for the rest of the year: all conspire to persuade investors to unleash their chequebooks.

Two products are receiving most of the attention: the business expansion scheme and the personal equity plan. John Authers gives details of the latest BES offers on page IV. Some are exploiting the quirks of the system to offer high - and reasonably safe - returns over six months; such deals often sell out within days.

But it is far from true to say that all BES offers are good deals. The dangers of rushing into these investments are illustrated by Johnson Fry's difficulties over its University College, London, scheme which was part of two hastily-assembled offers at the end of the last tax year.

With personal equity plans, we cannot stress too often the danger that, in some cases, the charges may outweigh the tax benefits.

The short-term tax gain is, in fact, fairly small: even if a Pep yields 5 per cent after charges, then a basic rate taxpayer who invests £5,000 is saving just £75 a year in tax. In some cases, it may be better to buy the equities direct.

It is, of course, a good thing that investors are diversifying away from their dependence on the building societies. Investors should have a balanced portfolio of gilts, shares and cash. Furthermore, the evidence suggests that, over the long term, equities are the best investment.

But the key words in that sentence are *long term*. If you take out a Pep now, you are taking out a Pep with the UK stock market at an all-time high. You must be prepared for

the possibility that your investment might fall in value in the short term.

Often, it is only when shares have been hitting new highs that investors start to feel they might be missing out and pile into the market. Persuading investors to buy at the bottom is far more difficult.

Back in November 1991, when the yield on the market was above 5 per cent, I wrote a column urging investors to put money into the UK stock market.

Figures from M&G then showed that there had been 30 years between 1919 and 1989 when the yield on the All-Share was more than 5 per cent at year end.

In every single case, investors in shares earned a positive real (after inflation) return over the following five years: the average real return was 14 per cent per annum.

On the day the column appeared, the All-Share stood at 1182.51; it is now 1437.25, a rise of 21.5 per cent. And investors will have enjoyed income of 5 per cent or so on top.

Of course, for every journalist's prediction which is correct, there is another that is wildly wrong. But the figures do show the benefits of buying near the bottom of the market.

By contrast, the same M&G analysis shows that there were 12 years when the market ended the year yielding under 4 per cent. Following 10 of those 12 years, investors suffered a negative real return on equities over the following five year period. The All-Share is yielding just over 4 per cent at the moment.

This is not to say that investors should avoid equities, or Peps, altogether. There is a good case for arguing that the budget deficit will eventually force the government to raise taxes; and that will make the tax concessions involved in a Pep more attractive. But it

could mean that a savings scheme approach, which smooths out the peaks and troughs of the market, might be far more sensible.

The end of tax year rush tends to make investors forget about savings schemes because they want to get the full £5,000 allowance into the market. There is, however, a nice compromise: the phased approach (offered by Fidelity, Henderson and Mercury, for example). This involves giving the management group £5,000 up-front before April 5; it then drips feeds the sum into the market over the following year.

Alternatively, you could just wait for the stock market to retreat from its euphoria. The old saying is "Sell in May and go away"; shares often decline in the summer months and you could well find the market looks more attractive in, say, August. If you miss this year's Pep deadline, it is not the end of the world.

Furthermore, those who are buying Peps for income should concentrate on whether the dividend payments will be maintained or increased. Provided they can be, and the present yield is better than building society interest, they can try to ignore the capital element.

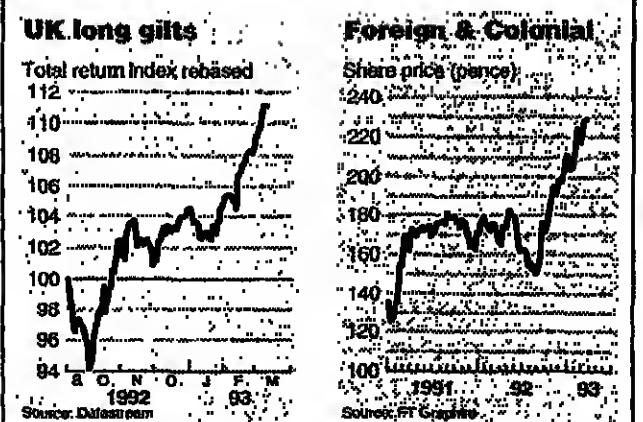
Of course, investors should be wary of plans which turn capital into income (see the article on income shares on page 10). But if investors are getting a high income, they should be prepared for very little growth in their capital.

Above all else, investors must be patient. Some of those who bought Peps early in 1987 are breaking even only after 5 1/2 years. Others may already have sold out in disgust. Come 1995, you might wonder why you bought that Pep early in 1993; but by the year 2000, the reason should be crystal clear.

HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1992/93 High	1992/93 Low	
FT-SE 100 Index	2315.9	-8.2	2957.3	2281.0	Pre-Budget caution
FT-SE Mid 250 Index	3099.5	-8.4	3121.8	2157.8	Market focus on the blue chips
Amstrad	35 1/2	+8 1/2	44	19	New computer launch next week
Arjo Wiggins	171	-16	290	123 1/2	30% fall in profits expected
BTR Inds	205	-15	238	123	Weak building materials
DBP	610 1/2	+26 1/2	614	381	Profits up 11bn
Eurocamp	251	-72	350	251	Trading warning
Falvey Group	609	+29	609	302	Favourable results
GEC	293 1/2	-19	314	183	Profit-taking
Glynwed Intl.	269	-22	293	183	Adverse broker comment
Hanson	244 1/2	-10 1/4	285 1/2	184 1/2	BZW downgrade
Heywood Williams	239	+43	388	128	Asset sales/maintains div
Low & Bonar	351	+20	351	218	Rights/acq news well received
Queens Most Houses	45	-8	92	26	NorthWest negative
Wills Corroon	199	+12	274	144	Div cut discounted/US buying

AT A GLANCE



## Gilt-edged Wednesday for investors

Black Wednesday looks as though it should be re-christened White Wednesday as far as the long-dated gilt market is concerned. Initial reaction to the UK's departure from the European exchange rate mechanism stoked fears of higher inflation in future, and long-dated gilt prices fell. But once base interest rates began to fall, the market took off. As the graph shows, anyone with the courage to buy gilts at their lowest point should be sitting on a rise, once income is included, of 17 per cent in less than six months.

## F&C stays on path

Foreign & Colonial, the UK's largest investment trust, increased its net assets by 22.1 per cent in 1992, a performance better than both the FT-A All-Share Index and the average investment trust. The final dividend was increased by 5.2 per cent to 2.25p, the 22nd consecutive annual increase. The trust, which is celebrating its 125th anniversary, now has over 50,000 shareholders; private investors now own 38 per cent.

## Council tax: know your rights

The Department of the Environment expects more than 1m people to appeal against the level of their council tax bill when it comes into force on April 1. If you are one of these, you may welcome a booklet published by Council Tax Services, which is a guide to the appeal procedure. It gives advice on how to prepare an appeal and details of the relevant law. Seven Points Publications has prepared a questionnaire for those who suspect they are in the wrong valuation band or want to know if they are eligible for relief. It will use the results to assess whether you have grounds for a case and what action you could take.

Cutting your Council Tax - A Guide to Appeals, Council Tax Legal Services, PO Box 2784, London E9 7EJ, £3.50 + 75p p&g. Council Tax Made Easy, Seven Points Publications, PO Box 119, Chichester PO18 9LY, £12.50.

## Britannia mortgage offer

Britannia is offering first-time buyers an eye-catching 3.99 per cent mortgage (8.1 APR). However the new rate, available from Monday, is fixed for only six months before reverting to the standard variable rate, currently 7.99 per cent. Alternatively, potential buyers can opt for 5.99 per cent (8.3 APR) fixed for the first year. To qualify for these rates potential buyers have to put down a 10 per cent deposit. Higher rates are available for those who can only put down 5 per cent. The rates apply to all types of mortgage but two insurance related products must be taken out from the society.

## How to cope with debt

A new book on coping with debt has been produced by the Child Poverty Action Group. It has chapters on obtaining debt advice, negotiating with creditors, dealing with bailiffs, bankruptcy and court procedures. Debt Advice Handbook, Mike Wolfe and Jill Inson, CPAG Ltd, 1-5 Bath Street, London EC1V 9PY, £7.95.

## Smaller companies on the rise

In a week when the FT-SE 100 Index reached more all-time highs, small company shares joined in the fun. The Hoare Govett Smaller Companies Index (capital gains version) rose 1.2 per cent from 1366.23 to 1382.97 over the week to March 11; the County Smaller Companies Index rose 1 per cent from 1080.21 to 1090.65 over the six days to March 10.

Wall Street

# Inflation threat undermines the euphoria

THE THREAT of inflation again alarmed Wall Street this week, sending stock and bond investors scurrying for cover just two days after they had lifted prices on both markets to record highs. The news that prompted yesterday's heavy selling (in the first 30 minutes of trading, the Dow Jones Industrial Average tumbled more than 50 points and bond prices dropped sharply, sending the yield on the benchmark 30-year bond back up past 6.5 per cent) was the 0.4 per cent increase in the February producer price index, a closely-watched inflation indicator.

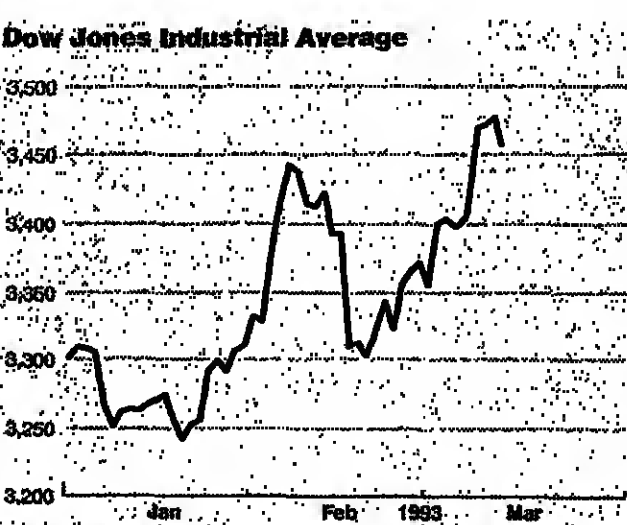
Although analysts were expecting a smaller increase in the PPI, the number itself was not especially shocking, coming in no more than one-tenth of a percentage point higher than the median of forecasts. So why was there such a dramatic reaction from financial markets?

Essentially, the PPI number was, as they say on Wall Street, "a wake-up call." Over the past year, both stock and bond investors, particularly the latter, have grown compla-

cent about the threat of inflation, which has been running at an annual rate this past year of about 3.5 per cent. More important to investors, the inflation outlook has consistently been bright. Economic growth might have picked up in the past few quarters but it has been remarkably unimpressive, and economists - who are forecasting growth this year of between 3.0 and 3.5 per cent - expect it to remain that way.

The reason is that they expect improvements in growth to remain primarily a function of rising productivity which, over the past year, has helped to keep unit labour cost inflation extremely low. If, in spite of accelerating economic growth, the labour market remains depressed for the foreseeable future, then the markets need not worry too much about wage inflation.

Yet, what about that extraordinary February employment report of just over a week ago, when a wholly unexpected surge in non-farm payrolls spread tentative panic in the bond markets? Was that not proof that the jobs market was, finally,



catching up with the recovery? Not necessarily, if the most recent weekly jobs data are to be believed. Thursday's report, showing a big rise in the number of people claiming state unemployment insurance during the final week of last month, contradicted directly the February employment figures.

However, not everyone was convinced by the news. There are those on Wall Street who follow the weekly jobless claims numbers - which, they believe, are both more accurate and more up-to-date - while others prefer to concentrate on the monthly employment report, a supposedly less exact measure but one that is less prone to volatility and a better measure of longer-term trends.

Making sense of the conflict:

ing economic evidence is not easy. The most sensible response to the recent numbers would be to conclude that economic growth will maintain a steady, if unspectacular, pace this year; that job growth will remain sluggish; and that inflation, while still weak by historical standards, will soon assume an upward trend.

Making sense of the stock and bond markets is another matter. Both look distinctly overbought, which is probably why investors panicked slightly yesterday when the inflation data proved worse than expected.

Equities still look expensive - the Standard & Poor's 500 is trading at 33 times earnings - and bonds have been supported as much by short-term technical factors (investors switching out of mortgage-backed securities because of prepayment fears, and continued speculation that the Treasury will slash the size of future long bond issues) as they have been by the economic fundamentals. This means prices are vulnerable to sudden reverses.

On the positive side, money

continues to flood in from investors seeking better returns than from low-yielding certificates of deposit and money market funds. This should provide a bedrock of support for share prices, and please the mutual fund managers and stockbrokers.

Among the latter, Charles Schwab revealed this week that it executed a record number of trades for customers during February, an illustration of how much individual investors still like stocks.

This must have cheered Sanford Weill, who yesterday concluded a \$1bn deal that will merge the Smith Barney brokerage subsidiary of his Primerica group with the Shearson brokerage unit of American Express.

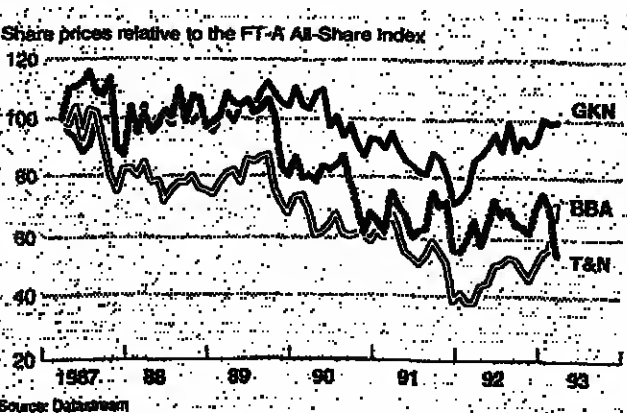
The new creation will rival Merrill Lynch as a powerhouse in retail broking - an extremely profitable business to be in these days.

Patrick Harverson

Monday	3469.42	+ 64.24
Tuesday	3472.12	+ 2.7
Wednesday	3478.34	+ 6.22
Thursday	3487.0	- 21.34

The Bottom Line

# The components of recovery



ance sheet. Net debt has nearly halved since December 1989. Its latest figure for debt-equity gearing was only 23 per cent, compared with 61 per cent for BBA and 45 per cent for T&N - rising to 80 later this year when a German acquisition is brought in.

At the other end of the scale T&N has effected the highest transformation from the least promising roots: in asbestos-ridden building materials. This has, however, been funded by a string of rights issues. The sheer weight of shares coupled with weak earnings has hit the

price. Its 1997 issue - post the AE acquisition - was priced at 205p; its 1991 issue - post JPI in the US - was only 140p.

BBA came in between. It has settled down since its 1991 rights issue, which eased the balance sheet after 14 deals in less than three years. Indeed it has made a virtue of being more of an industrial holding company than an auto engineer, playing down its dependence on any one market. With 35 per cent of sales derived from north America, it is the best placed to benefit from the recovery under way there.

Although only BBA's share price made progress this week, all three stocks are trading near their 12-month highs. There is one big question that affects their prospects: how far will the continental European car market fall this year?

Forecasts from the car makers make sobering reading.

Louis Hughes, president of GM Europe, recently said new car sales in western Europe were expected to fall from 13.4m to 12.3m this year, with Germany, Italy, France and Spain all in retreat. GKN is thought to have the most exposure to the continent - although T&N is making a German acquisition just as that market dips.

Sir David Lees, GKN's chairman and chief executive, said this week that any financial progress this year would again depend mainly on the group's ability to cut costs and improve productivity. That means more job losses - a pattern echoed elsewhere.

If doubts creep in about the prospects for earnings growth, worries will also recur about dividends.

Those who have trusted the dogged determination to maintain, characterised by Colin Hope at T&N, have been rewarded in terms of yield. It is, however, rather a shame that companies with a high investment and R&D requirement should have to keep investors sweet in this way.

Jane Fuller



# FINANCE AND THE FAMILY

**I**NCOME SHARES appear to be all the rage at the moment. In the recent launch of its Split fund, Schroder received so much demand for the shares that it was forced to increase the size of the trust and buy large chunks of the other classes of shares itself.

The popularity of income shares is largely due to falling interest rates. With returns from building societies more than halved over the last two and a half years, investors are on the lookout for any product which can offer an above-average rate.

Holding the shares tax-free within a personal equity plan (the Schroder shares yield 8 per cent after charges) puts the icing on the cake. But income shares can be complex instruments and investors need to consider the risks carefully before buying.

Income shares receive all the dividend income of a particular investment trust. Because they constitute only part of the capital of the trust, the yield on each share can be much higher than on a conventional trust share.

There is a catch. In return for taking first claim on the trust's income, holders allow other classes of shares (usually zero dividend shares) to have prior claim on a trust's capital.

Thus the danger for a private investor is to concentrate purely on the current yield offered by an income share. Very often the shares will have a set repayment value - which will often be less than the current price, and in some cases, such as Contra-Cyclical, will be virtually zero.

What normally happens is that, in the early years of the trust, investors are attracted by the running yield and push up the price, as the date becomes due for the trust to be wound up, the share price falls rapidly towards its repayment price. Those who buy such shares at the wrong time will lock themselves into a capital loss.

This can also be true with the so-called "hybrid" shares, which sometimes go under the innocent-sounding name of "ordinary income" shares. The repayment value of such shares is not set, but dependent on what is left after repaying the other classes of capital.

The value of hybrid shares can thus be highly volatile and dependent on the manager's



## Income shares: expect the unexpected

Philip Coggan on a complex - and sometimes risky - investment

success in growing the assets of the trust.

There may well be investors who want securities which pay a high rate of income but which run down capital - income shares could be an alternative to an annuity, for example.

Such shares might also be useful for creating capital losses to offset against gains elsewhere in the portfolio for CGT purposes. Remember,

however, that you cannot do this with income shares held in a PEP, which is outside the CGT system.

But there may be many people who buy these shares without realising what kind of investment they are getting. A reader wrote to the *Weekend FT* last year, complaining that

his income shares in Fleming Income & Capital had declined from £6,000 to £4,000 by the time he received his first PEP

statement. "I may never see my £6,000 again," he lamented.

In fact, by the time his letter arrived, his shares had rebounded so he was back in profit. That is the kind of humpy ride which hybrid income shares can provide - and not all investors will enjoy it.

As we reported in January, Fleming and Kleinwort Benson wrote to investors in their split capital trusts to warn them of

the dangers involved in reinvesting the income on high income shares.

Income shares were unpopular for a while in 1992 as investors worried that UK companies were cutting dividends sharply as a result of the recession. The fear was that many income shares would be unable to maintain their dividends. But the period since Black Wednesday has seen a revival.

"As a sector, they have had a pretty good run as people have switched due to falling interest rates elsewhere. It is becoming a fairly fully valued sector. One has to search to find reasonable value," says John Korwin-Szymanowski, investment

trust analyst at S G Warburg Securities. We asked Korwin-Szymanowski to recommend a few

income shares that offered the best returns. The table below shows four shares, with their current price, the years before they will be wound up, the flat yield (the current income divided by the share price) and the gross redemption yield, assuming either no growth in the trust's income and assets or 5 per cent per annum growth.

All this illustrates how complicated the calculations for the investor can be. Take the M&G Dual shares, which stand at 350p. The running income on the shares is a whopping 26.3 per cent. But when the trust is wound up in under four years time, the shares will be repaid at just 100p. So those who buy £3,500 worth of shares now will get back £1,000.

If you allow for this, the gross redemption yield (assuming dividends stay static) is 12.7 per cent. But because most of this return in the form of income, the net redemption yield after basic rate tax is just 2.9 per cent per annum. Even if one assumes dividend growth of 5 per cent per annum, the net yield is just 6.6 per cent.

So this share, Korwin-Szymanowski points out, is only really suitable for non-taxpayers. Other shares, which have lower flat yields, have more attractive net redemption yields. One of his tips, General Consolidated, has already cut its dividend but Szymanowski thinks the worst is over and the shares are only marginally above the repayment value. So while the running yield is lower than on M&G Dual, the net redemption yield is higher.

Shares in Tor participate in some of the trust's capital growth, so the redemption yield increases sharply on optimistic assumptions about the stock market.

Because so much of the return is in the form of income, top rate taxpayers should only consider income shares inside a PEP (and even then beware of the capital losses). Once they have used up their PEP allowance, they will normally be better off looking for capital gain then seeking extra income. Few investors use up their annual CGT allowance (£5,800 in 1992-93).

Income shares can have their attractions. But it is not a good idea simply to look in the papers for the stock with the highest yield. The expert advice of a stockbroker is essential.

## Few mourn the death of Taurus

Richard Waters surveys the ruin

"THE MONSTER" is dead. Private investors should just breathe a big sigh of relief. That was the reaction of David Jones, chief executive of discount broker Sharelink, to this week's decision to pull the plug on the Taurus computer. As the London Stock Exchange's plans for a paperless settlement system were declared dead, it was a seismic event echoed in many quarters.

Taurus was never popular with the brokers who deal with individual investors - or with the investors themselves. The plan to do away with share certificates and stock transfer forms, replacing them with a computerised system for share ownership and transfer, aroused deep antipathy among many investors. It was difficult to see what benefits the changes would bring, and brokers hinted darkly that it would lead to higher costs.

The demise of the system (it proved too complex to build) does not mean that nothing will change. The Bank of England has now picked up the baton and is bent on forcing through quick changes to the settlement arrangements. In fact, things could now move much faster than they would have if Taurus had been kept alive. No decisions have yet been taken, but a number of things are clear.

First, the interest of private investors will be given much higher priority than they were last time around. Bank of England officials said this week that some interest groups could suffer in the search for a swift solution to London's settlement traumas - but it was a high priority to ensure that private investors were not disadvantaged. That is an important political priority after the Taurus fiasco.

Second, whatever developments replace Taurus, private investors are likely to be

treated differently from institutions, since their demands differ. Institutions want to move quickly to a simplified version of Taurus, involving a computerised system. Private investors are likely to be left alone while this objective is pursued.

Third, most brokers have moved on since development of the Taurus system began seriously in the mid-1980s. Most have given more management attention to their back offices and automated more of their activities. Stephen Cooke, of stockbroker Gerrard Vivian Gray, says: "A firm like ours has halved its settlement costs since 1987." That has made settlement more efficient and brought down the cost.

One aspect of this development has been the effort made by many brokers to put private client's shares into their nominee companies. Some broking services, such as Barclays and the Share Centre, operate exclusively on a nominee basis. Also, most personal equity plans are managed through nominees.

Nominee accounts are more efficient to manage than individual shareholdings: brokers control the share certificates, and make transfers on behalf of their clients. The arrangement effectively replicates many of the functions of Taurus.

Of course, many investors do not want to use nominees. Most brokers charge a fee for them. Also, being in a nominee account makes it impossible to claim rights as a shareholder, for instance to receive a company's annual report and attend its annual general meeting.

If nominees are the way of the future after Taurus, then the Bank of England should give careful attention to how they can be made to operate more effectively for private shareholders.

**Only one range of international Money Funds scores Triple A.**

For all investors, security is the key concern. With Fidelity Money Funds, you have all the reassurance you could wish for.

In the first place, deposits are made only with banks chosen and continuously monitored for their creditworthiness. And secondly, the Funds have been awarded Moody's Triple A rating (Aaa) for investment quality.

That's a higher rating than 99% of banks around the world.

Wherever in the world you find yourself, Fidelity Money Funds offer a flexible, tax-efficient offshore alternative to a deposit account. The Fidelity organisation looks after

over \$60 billion in cash products worldwide and is committed to providing high returns on your money.

We offer wholesale interest rates on any of 15 major currencies, paid out or accumulated gross.

And you can buy, or convert between, currencies at extremely favourable rates of exchange, without charge.

There is no minimum investment and when you need your cash, usually it can be remitted electronically to your bank account anywhere in the world free of charge, within three business days.

The distributor of Fidelity Money Funds is Fidelity Investments Distributors, Bermuda. For more detailed information, including current interest rates for each currency, just contact one of the Fidelity offices below, or return the coupon.

United Kingdom Tel: 44 732 351144 Fax: 44 732 838886  
Jersey Tel: 44 534 888899 Fax: 44 534 34244  
Hong Kong Tel: 852 8481000 Fax: 852 845 2606  
Luxembourg Tel: 352 250 404 231 Fax: 352 250 340

To Fidelity Investments, European Service Centre, 3rd Floor, Kersallis House, Place de l'Etoile, BP 2174, L-1021 Luxembourg. Please send me more information on Fidelity Money Funds.

Name (Mr/Ms/Ms):

Address:

Postcode:

Country:

Tel No:



Issued by Fidelity Investments International

## Is your PEP taxing you?



It's easy to lose sight of what should be your main priority in choosing a PEP. The potential for real long-term growth of your money.

That's what sets Foreign & Colonial apart. \$1,000 invested in Foreign & Colonial Investment Trust PLC on 31st December 1945 is today worth £635,802. The same sum invested ten years ago has now grown to £6,962.\*

Over the years, we have outperformed insurance policies, Building Societies and also unit trusts, on which many PEPs are based.

A fact recognised by the 1992 Micropal Performance Awards - first place over 1 year, 5 years and 10 years (larger investment trust group category) and 'Best Investment Trust Manager of the Year' for consistent overall performance.

Foreign & Colonial has eleven investment trusts to meet your objectives. Our portfolios offer a spread of global, European and UK shares, designed to provide capital growth and regular income.

Now we've launched a new investment trust specifically created for the PEP investor - Foreign & Colonial PEP Investment Trust.

Our low charges make our investment trusts one of the cheapest PEP investments in the City. A flat rate £50+VAT initial fee for lump sums and just £5+VAT a month administration charges.

You can also transfer your existing PEP in Foreign & Colonial and we'll handle the administration free of charge.

Why suffer low performance, high charges and poor administration when you can choose a Foreign & Colonial PEP?

Please in, stating where you saw the advertisement or post the coupon today, for your PEP brochure and application form.

Share in the success.

24 HOUR PHONE SERVICE 0734 341219

Foreign & Colonial

PERSONAL EQUITY PLAN

For a copy of our PEP brochure and application form, send this coupon to Foreign & Colonial Management Limited, PO Box 2, Tisbury, Wiltshire RG10 0WV.

NAME

ADDRESS

POSTCODE

\*Calculation by Foreign & Colonial Management Ltd using mid-market prices, net income reinvested at 31.12.92 inclusive historical 3.5% nominal expenses. Current charges are 0.2% commission including 0.5% Government stamp duty (minimum 50p). Foreign & Colonial Management Ltd is the PEP Manager. Manager of twelve Foreign & Colonial Investment Trusts and a member of DMO. The value of shares and the income from them can fall as well as rise and investors may not get back the amount invested. The benefits may vary as a result of statutory changes and their value will depend on individual circumstances. Past performance is no guide to the future.







## FINANCE AND THE FAMILY

## Chattels are the goods

Jennie Hawthorne tells how you can minimise liability to gains tax

INVESTORS looking for exemptions from capital gains tax often overlook the personal effects known as chattels. These comprise tangible movable property such as furniture, jewellery, diamonds, silver, and collectibles like books, paintings and stamps. Wasting chattels, with an estimated life of less than 50 years - for example, a boat or car (not used for business) - are excluded from CGT altogether.

Even if you do not have a Cessante in the attic or a Georgian silver tea set in the cellar, you have possibly acquired other possessions over the years. These could well have appreciated in value despite the recession. No matter whether such items came to you through inheritance or by shrewd or lucky purchases - if they can be classified as chattels, gains made on them are treated benignly by the Inland Revenue.

If you sell chattels for £5,000 or less, you pay no CGT at all. If the proceeds exceed £5,000, your capital gain is restricted to five-thirds of the excess. So, a set of apostle spoons that cost £200 and sold for £5,500 will show a capital gain equal to five-thirds of the excess over £5,000: that is, £500.

The mathematics mean that, for very large disposals, you are better off under the normal rules relating to chargeable gains. But husbands and wives each can claim the chattels exemption in addition to the



Silverware can qualify for the gains tax exemption

usual CGT exemption for sales of other assets on which the profit does not exceed £5,000 in the tax year 1992-1993.

The past few years have brought more losses than gains for many people and even private homes, once considered a bedrock of security, have fallen in value. But this is not always true of their contents.

An old kitchen dresser picked up for a few pounds could now be worth a few hundred. A much-loved silver or dressing-table set, perhaps handed down by granny, can sometimes fetch around £1,000 today.

And first editions, which may grace your bookshelves or those of your parents, are in great demand and often sell for two or three times their purchase price.

Kenneth Fuller, of Marchpane - located in the internationally-famous antiquarian bookshop niche of London's Cecil Court - says a first (1930s) edition of P.G. Wodehouse, selling for around £100 in 1987, now costs around £400-£500. A first London edition of *Alice in Wonderland*, which could be bought for £200-£300 in 1987, now costs £1,000-£2,000. But the real icing on the cake is that when your possessions consist of silverware, furniture, books, or any other of the items classified as chattels, each of them can qualify individually for the £5,000 gains tax exemption. The exception is when they make up a set.

What constitutes a set is a somewhat grey area and difficult to define, according to Timothy Sammons, a director of Sotheby's. The Revenue says: "Whether a number of articles constitute a set is a question to be decided in the light of the particular facts and circumstances of each case. Six matching chairs or a canteen of Georgian silver cutlery would *prima facie* constitute a set."

Thus, if a set of chairs which cost you £5,000 was sold for £12,000, there would be gains tax to pay (ignoring indexation) on the balance over £5,000. If you sold six individ-

ual non-matching chairs for £2,000 each, you would pay no tax on any of them. The might, however, be considered a trading transaction that incurs other taxes.

The best rule for taking advantage of the chattels exemption is to buy only what you enjoy and can afford, and sell only when you must.

The Inland Revenue won a victory this week with a ruling by the House of Lords in the *Smith & Schofield* case.

In 1952 Mrs Schofield inherited two pieces of furniture which she sold for considerable profit in 1957. At issue was the order in which two reliefs from CGT should be given, namely indexation allowance, which removes post-1982 inflationary gains from the charge to tax, and time-apportionment which is a method of exempting gains accruing before April 1965, when CGT was introduced.

The Law Lords decided that indexation allowance should be applied before apportionment, which will reduce the benefit of indexation allowance.

Richard Rees-Pulley of Ernst & Young, which, with other accountants, was involved in the case said: "It is wholly unjust that a portion of inflationary gains will be taxed as a result of this decision. As the Lords have previously said, CGT is a tax on real gains. The government should take urgent action to amend retrospectively the legislation to give proper indexation relief."

## Directors' transactions Profits roll in

DIRECTORS are seizing the opportunity of a buoyant stock market to take some very significant profits on their shareholdings. A classic example is Gresham Telecomputing. Michael Whitaker bought 500,000 shares at 10p last year, just before they started to motor. Since then, directors have taken profits repeatedly: Whitaker himself sold 100,000 at 56p earlier this year. The latest sales by Steve Purchase and Sidney Green were of 1m and 2m at 75p; they retain almost 50m between them.

Tadpole Technology came to the market in December last year when the shares were placed at 65p. Its share price performance since then has been little short of staggering. With the company already capitalised at £56m, Howard Kitchner, a non-executive director, has sold 100,000 shares at 308p. Four weeks ago, he sold a total of 72,000 at around 290p, but he still holds 660,000.

Colin Rogers, Directors Ltd

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; USM)

Company	Sector	Shares	Value	No of directors
<b>SALES</b>				
Allen	C&C	31,550	33	3
Amberley	Misc	955,400	261	1
Elise Group	C&C	80,000	17	1
Boots	Stor	315,000	1,588	2
Border TV	Med	25,000	25	1
Capita Group	BusE	217,161	1,032	4
Cater Allen	OffH	9,995	46	1
Gresham Telecomp	Eins	3,000,000	2,250	2
Hambros	Merc	85,000	263	1
Harrington Kilbride	Med	8,000	16	1
Leslie Wise	Text	175,000	126	1
Lincoln House	Misc	142,570	16	1
London Merchant Sec	Prop	20,000	16	1
Mark & Spencer	Stor	22,000	73	1
National Weststar	Bank	36,220	160	1
Northern Water	Watr	38,314	223	1
Salvage (Ch/Man)	BusE	889,564	2,707	1
Serco Group	BusE	20,975	173	1
Tadpole Technology	Eins	100,000	308	1
Unilever	FdMa	1,398	17	1
Welsh Water	Watr	3,120	18	1
Wolf & Dudley	Brew	6,500	38	1
<b>PURCHASES</b>				
Allied-Lyons	Brew	3,500	21	2
British Aerospace	EngA	35,000	83	2
British Petroleum	OSG	16,000	46	1
Courts	Chem	4,000	23	1
RIT Capital Partners	InTr	50,000	57	1
Royal Bank of Scot	Bank	227,500	543	2
Tratfalg House	Cong	27,704	21	4
Transatlantic Hold	InsL	17,500	53	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (1) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 1-5 March 1993.

Source: Directors Ltd, Edinburgh

## News in Brief Following Footsie

NATIONAL & Provincial is offering a second version of its Guaranteed Equity Reserve account. This links the return to the rise in the FT-SE 100 index over five years, with a guarantee of investors' money back if the index falls.

As with most other products in this field, the investor receives no benefit from the dividend yield on the Footsie, a significant component of return over five years. The final return will be based on the average of the Footsie over the last six months of the five-year period.

N&P quotes a gross rate of 133.33 per cent of the growth of Footsie, but this is available only to non-taxpayers. Basic rate-payers will get 100 per cent of the rise; higher rate-payers will get 80 per cent and probably would be better off in an indexed unit trust. Bonuses for early investment will increase these returns slightly.

Withdrawals are allowed after one year but subject to penalties. If Footsie has failed to rise, you will lose 5 per cent of your capital; if it has increased, you will receive 50 per cent of the rise (for basic rate-payers) and 40 per cent of the rise (for top rate-payers).

The minimum investment is £500 and the issue will close on May 31.

PRIVATE investors looking for information on companies - including profit, earnings per share figures and brokers' forecasts - can, in addition to the sources we mentioned last week, consider the *Earnings Guide*. A monthly booklet costs £270 a year and a weekly guide, for use on a personal computer, is £1,200 plus VAT. Further details from Earnings Guide, PO Box 1, Horsham, West Sussex, RH12 3YT.

ENTERPRISE Zone investments, which allow full tax relief at the investor's top marginal rate of tax, have gone quiet this year. At one point, they seemed likely to overtake the business expansion scheme.

The latest offering is less glamorous than previous offerings involving Olympia & York, but probably less risky: it will buy cold storage units in Scunthorpe, Collect 1, sponsored by Terrace Hill Capital and managed by Property Enterprise Managers, will buy land in the Scunthorpe Enterprise Zone on which 63,500 sq ft of warehousing is being built. There is an agreed 27-year lease to Scunthorpe Cold Stores, with a projected rental yield of 8 per cent. Rent is underwritten by the Dibdin Group, which has assets of £19m. There is no external bank guarantee, and money has been put aside to pay the first three years' rent, plus up to two years' rent after that if necessary.

Minimum investment is £5,000, with a total capacity of £5.35m.

## INVEST TAX-FREE IN FAMOUS BRITISH COMPANIES

with 1/2 INITIAL PLAN CHARGE

## TAX YEAR END OFFER APPLY BY 29th MARCH 1993

Save & Prosper's Managed Portfolio Personal Equity Plan enables you to invest up to £6,000 tax-free in a ready made portfolio of blue-chip companies. Remember you will lose this year's allowance if you don't invest by 29th March.

## Tax Year End Offer

Tax-savings isn't the only way you can benefit. Now, with the end of the tax year approaching, is the time to take advantage of our Tax Year-End Special Offer. If you invest £4,000 or more by 29th March 1993 the initial plan charge is halved to just 0.75%

a saving of over £54 if you invest your full 1992/93 PEP allowance.

Save & Prosper is one of the leaders in the Personal Equity Plan market. A combination of low management charges and good performance has led to our Managed Portfolio being one of Britain's best-selling PEPs. Take advantage of this special offer to benefit from the growth of famous British companies.

## Hurry - Act Now

But you must hurry if you want to make the most of your £6,000 annual PEP allowance. The offer period ends 29th March 1993.

For details talk to your financial adviser, post the coupon, or ring our free Moneyline now.

CALL FREE 0800 282 101

9.00 a.m. - 5.00 p.m. 7 DAYS A WEEK

OVER £500 MILLION UNDER MANAGEMENT IN PEPs

YOUR PORTFOLIO OF FAMOUS BRITISH COMPANIES AS AT 11.1.93

Mr/Ms/Ms/Ms

Address

Home Tel (STD) No

Work Tel (STD) No

So that we may call and offer further information.

THE VALUE OF INVESTMENTS WITHIN A PEP, AND ANY INCOME FROM THEM, CAN GO DOWN AS WELL AS UP AND YOU MAY NOT GET BACK THE FULL AMOUNT YOU INVESTED. TAX CONCESSIONS ARE NOT GUARANTEED AND MAY BE CHANGED AT ANY TIME. THEIR VALUE WILL DEPEND ON YOUR PERSONAL CIRCUMSTANCES. PAST PERFORMANCE IS NOT A GUIDE TO FUTURE RETURNS. SAVE & PROSPER GROUP LTD IS A MEMBER OF BANC AND LLOYD.

SAVE & PROSPER

THE INVESTMENT HOUSE

## PERSONAL PENSION PLANS: THE AGE OLD QUESTION ANSWERED.

Should how old you are affect your investment? We think so.

Gartmore can automatically shift your portfolio mix from higher-risk, higher-return equities to safer bonds and cash deposits as you approach retirement. So your pension plan reflects your age.

Send off the coupon today or call us

free on 0800 389 336 for more details.

Gartmore PERSONAL PENSIONS

Please send me more information.

Name

Address

Postcode Telephone No

Gartmore Pooled Pensions (limited), Gartmore House, 16-18 Monument Street, London EC3R 8QJ.

The information provided may be used for our marketing purposes.

FT/13/93

Please remember the value of units of the Pensions Funds may go down as well as up, and you may not get back the amount invested. This advertisement has been issued and approved by Gartmore Investment Limited, a member of IML, through its appointed representative, Gartmore Pooled Pensions Limited, Gartmore House, 16-18 Monument Street, London EC3R 8QJ.

What makes The Footsie PEP so difficult to beat? The answer is quite simple. The Footsie PEP invests tax-free in every one of Britain's top 100 companies by matching the performance of the famous FT-SE 100 Index. That's a target which many other UK unit trust PEPs regularly fail to beat.

To beat the taxman this financial year, act before March 29th. So hurry, post the coupon today or phone free on 0800 289 505.

James Capel Investment Services Limited

member HSBC group

ISSUED BY JAMES CAPEL INVESTMENT SERVICES LIMITED, MEMBER OF IML. THE PRICE OF UNITS AND INCOME FROM THE FOOTSIE PEP AS WELL AS UP AND DOWN AND YOU MAY NOT GET BACK THE FULL AMOUNT YOU INVESTED. PAST PERFORMANCE IS NOT A GUIDE TO FUTURE RETURNS. THE FOOTSIE PEP INVESTS EXCLUSIVELY IN THE FOOTSIE FUND - THE JAMES CAPEL FT-SE 100 INDEX FUND - AN UNAUTHORISED UNIT TRUST MANAGED BY JAMES CAPEL UNIT TRUST MANAGEMENT LIMITED, MEMBER OF IML AND LLOYD.

FREEPOST, NO STAMP NEEDED. Please send me details of The Footsie PEP. Post to: James Capel Investment Services Limited, FREEPOST, 7 Devonshire Square, London EC2B 2HL.

Name

Address

Postcode Daytime Tel No

FT.13.3.A

THE FOOTSIE PEP

THE JAMES CAPEL FT-SE 100 INDEX FUND

Difficult to Beat







# FINANCE AND THE FAMILY

Diary of a Private Investor

## Mips and Fips: options for Lamont to ponder

**C**HANCELLORS of the exchequer have created a variety of new investment vehicles in recent years, such as personal equity plans (PEPs) and tax-exempt special savings accounts (Tessas), while abolishing a number of low-yielding taxes - such as the excise duty on matches and mechanical lighters.

Will Chancellor Norman Lamont's March 16 Budget follow that pattern? If so, as a private investor I hope he will introduce two new investment vehicles - Mips and Fips - to take the place of the business expansion scheme (BES) which ends on December 31.

Given the prime minister's recent statements on the need to encourage manufacturing industries, then Mips (manufacturing investment plans) might have some appeal. Investors would receive tax relief on their investment in newly-issued shares in start-up and existing small businesses which used the funds to develop or expand their manufacturing capabilities.

Mips would be restricted to companies with assets less than, say, £10m. Subsidiaries or companies associated with major companies, would not be eligible. The tax relief terms could be somewhat similar to those that apply to BES investors. There would be no limit on the total amount each company could raise by this method of funding.

Fips (film investment plans) also would provide BES-style tax relief for investors who put money into encouraging and expanding the British movie industry. Each production, regardless of the size of its budget, would be open to private investors. Ideally, this would encourage production of more films with mass appeal (as opposed to art-house movies, which might receive subsidies from the new national lottery). With luck, such films would lead not only to a steady stream of income from foreign sales but also act as world-wide



promoters of British talent. Films with excessive violence would not qualify for Fips.

The ideal tax for abolition in the Budget is stamp duty on share transactions. If the Chancellor feels he cannot get rid of this iniquitous tax completely, then at least it should be abolished for private investors, leaving institutions to continue paying it.

Stamp duty on house purchases could also be abolished. If this was accompanied by an announcement that mortgage interest tax relief was being phased out over, say, the next 10 years, then this would help to lubricate the housing market and, in the long term, save the government huge sums of money. It could also help shares in house-building companies.

There has been much press comment about the government's need to borrow yet more money to fund its spending plans; and it has been suggested that the rules for Peps should be amended to allow funds to qualify for inclusion. But I would much prefer that Peps were abolished. As well as an increase in capital

gains tax allowances, private investors should be given roll-over relief instead.

Already, some forms of institutional investment benefit effectively from such relief; unit and investment trusts pay no CGT when share-holdings are bought and sold. The individual taxpayer becomes liable for such tax when the units or investment trust shares are cashed in. A private investor should be able to benefit personally from roll-over relief on his individual share transactions. So long as the proceeds from a sale are used to fund another investment (shares or gilts), then no tax should be levied.

The Chancellor should also make it much easier for people to organise their own personal pension schemes without the need for fund managers and trustees. They should be allowed to set aside part of their income for pension purposes and invest it how they wish. If they lose it all, bang! But at least they would have direct control over their own destiny (plus the tax advantages).

Fund managers in Britain

have control over an uncomfortably large proportion of companies and industry. The time is long overdue to encourage and promote much more direct investment by private individuals - particularly as they are more likely to complain loudly in cases of pathetic management than some institutions.

There are a number of companies that may suffer from the Budget. It has been suggested that the Chancellor could extend VAT to domestic fuel and power - perhaps at 5 per cent initially - in order to help fund the government's deficit and demonstrate a "green" policy. If that happens, shares in all utility companies could be hit.

Fortunately, I hold only a modest number in Southern Electric (so I can complain at the next annual general meeting to my home). But no such levy should be applied to Scottish Hydro Electric, which provides the "cleanest" power in the UK.

In his Budget last year, the Chancellor increased tax on leaded petrol at a higher rate than unleaded, and said this continued the government's "long-standing and successful policy" of encouraging people to use unleaded fuel. I expect he will widen the gap even more this year.

The Inland Revenue has completed a review of company car tax and the Chancellor is expected to announce further increases in this area. Suppliers of expensive vehicles may suffer as these could well attract higher tax, while the benefit of company car insurance could be affected similarly.

Whatever the Chancellor announces, I hope it is accompanied by a statement showing how the costs of government and administration are being reduced.

Kevin Goldstein-Jackson

## NS to get an arbiter

**A** NEW recruit is to join the ranks of ombudsmen and arbitrators handling complaints about financial services. From April 1, the newcomer - styled an "independent adjudicator" - will determine disputes between the department for National Savings and its investors.

The name of the adjudicator - picked from a field of 50 legally-qualified applicants - will be announced soon by the Treasury. The job is part-time and the appointee will take over the task from the registrar of friendly societies.

Investors might wonder how an adjudicator appointed, paid-for and provided with office space by National Savings' overlord, the Treasury, can be described as independent. But although NS has around 30m investors, very few of those involved in disputes are likely to come into contact with the adjudicator - or even to learn that such an official exists.

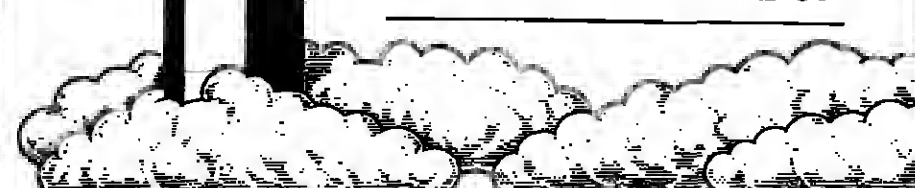
Unlike the hanks, most of which display posters or leaflets about their ombudsman, NS has no plans to make any information about the adjudicator available in post offices. And, apparently, it intends not to reveal the possibility of adjudication until very late in the dispute.

An NS spokesman said this week that if a dispute reached an impasse after "protracted correspondence," the department would then tell the investor the matter could be referred to the adjudicator.

The annual report of the registrar of friendly societies shows that in the year to September 1992, he dealt with 18 NS disputes: 10 over NS savings bank deposits; six over savings certificates; and two over stocks, bonds or premium bonds. Third-party title disputes were the largest category, accounting for 11 cases, followed by claims for additional interest (three cases).

Barbara Ellis

## Still The Number One Record in PEPs.



The Newton PEP invests in the Newton Income Fund, which will rank first of all PEP-able unit trusts for performance over 7 years and since launch in May 1985. Indeed, it remains one of the top 15 funds over 1, 3 and 5 years as well.

The table below shows how your money would have grown, after all charges, had you been able to invest £6,000 in our PEP over each of these periods.

OVER 1 YEAR	£7,112
OVER 3 YEARS	£8,070
OVER 5 YEARS	£12,860
OVER 7 YEARS	£26,604
SINCE LAUNCH IN MAY 1985	£31,214

For full details and application and transfer forms, please call Melnic 1111 on Freephone 0501 550 1111 at any time, return the coupon below, or fax her on (071) 410 0780.

Past performance is no guarantee of future performance. The value of your investments and the income from them can go down as well as up and you may not get back the full amount invested. Any income and capital gains tax savings by an investor depend on individual circumstances. Our assumptions are based on our understanding of current legislation, which may be subject to change.

No.

Tu Melnic 1111, Newton Investment Management Ltd, No 2 London Bridge, London SE1 0RA. Please send me details of: ☐ Newton PEPs and Unit Trusts ☐ Regular Savings Options ☐ Pension Fund Services ☐ Portfolio Management Services.

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_  
POSTCODE \_\_\_\_\_

NEWTON

Newton Investment Management Limited is a member of the FTSE 100. Newton's Strategic Report for January 1993, also called, is available on request.

## FT READERS' ENQUIRY SERVICE

If you require information about the content of the Financial Times or about specific articles

please contact our FT Readers' Enquiry Service by phone, fax or letter. A charge may be made for some enquiries. Call our research staff between 9.30am and midday or 2.00pm and 4.45pm Monday to Friday.

Call 071-873 4211 Fax 071-873 3084

## The best 90-day rates from a top ten building society.

### C&G Best 90 Account

ON £100,000	ON £50,000	ON £25,000	ON £10,000
8.55%	8.30%	8.05%	7.55%

Guaranteed to offer the best 90-day rates from a top ten building society until at least May 1994

## We guarantee it.

If you are looking for a top return combined with security, look no further than our new 90-day account. Until at least May 1994, C&G Best 90 Account guarantees to pay the best 90-day rates from a top ten building society for investments of £10,000, £25,000, £50,000 and £100,000. On the twenty-eighth day of each month we review the rates available for each of these amounts and on the first day of the next month we adjust our rates, if necessary, to ensure C&G Best 90 Account remains true to its name. You can invest any amount from £10,000 and with tiered rates the more you invest, the better the return. You can add sums of £1,000 or more at any C&G branch or by post, whenever you like. All withdrawals are carried out through C&G By Post, our efficient and specialised postal service. As you'd expect from a 90-day account, instant access is available subject to a 90-day gross interest penalty or you can have penalty-free access by giving 90 days' notice. A monthly income option is also available. Open a C&G Best 90 Account at your nearest C&G branch or by completing the coupon. For details ring FREE on 0800 272383.

### C&G Best 90 Account

Return to: C&G By Post, PO Box 115, Farnham, Surrey GU14 5JF.

I/we enclose £ \_\_\_\_\_ to invest in a C&G Best 90 Account. (Minimum £10,000, maximum £3 million).

Please send more information ☐ please tick

Full name(s) (Mr/Ms/Ms/Ms)

(2) Mr/Ms/Ms

Address

Postcode

Tel

Signed

(1st applicant)

Signed

(2nd applicant)

Checkers should be made available to C&G By Post. If you require monthly interest, please give separate details of the C&G or bank account to which interest is to be paid.

From the UK's sixth largest and the most cost-efficient national building society.

**C&G Cheltenham & Gloucester Building Society**

Chief Office Barnett Way Gloucester GL4 7RL

FT 133

## PAY A LITTLE ATTENTION NOW. OR LOTS OF TAX LATER.

If you are thinking of investing in the Gartmore British Growth Fund, be warned. Since 1988, it has beaten 98% of all UK equity unit trusts and more than doubled the return on a building society higher rate account.

If this sort of performance continues, you could end up with quite a tax bill - unless you invest through a PEP. In which case you'll pay no income or capital gains tax whatsoever.

Had you done this in 1988, your investment would now have increased by 94%.

What's more, for all new Gartmore PEP applications, our initial charge is now down to just 2% (with a withdrawal charge only if you redeem within three complete tax years).

One final warning: our closing date for the 1992/3 tax year is Monday 29th March. Your application must be with us by then.

So, to find out more, call free on 0800 289 336 or send us the coupon immediately.

PHONE LINES OPEN 9.30 TO 5 THIS WEEKEND

Please send me details of Gartmore PEPs. FT 15-393

Name \_\_\_\_\_ Address \_\_\_\_\_

Postcode \_\_\_\_\_

Investor Services, Gartmore Investment Limited, King's House, 101-135 King's Road, Brentwood, Essex CM14 40R

The information provided may be used for our marketing purposes.

\*Source: Microtel. Based on offer to bid, net income reinvested, £1.88 to £1.93. \*Source: Microtel. Based on offer to bid, gross income reinvested, £1.88 to £1.93. The price of units and shares and the income from them may go down as well as up and you may not get back the amount you invest. Past performance is not necessarily a guide to future performance. The value of any tax relief depends on the individual circumstances of the investor. Please note that UK legislation may change. Gartmore Investment Limited, a member of IML.



## FINANCE AND THE FAMILY

## Medical insurers curb premium rises

**H**EALTH insurers have begun to lance the boil of medical cost-inflation which has bedevilled the industry. The result is a lower rate of increase in premiums this year – an encouraging sign after a period when a combination of factors seemed to be pushing private health insurance out of the reach of many people.

Insurers reassess their premiums twice a year, although customers pay only once. The British United Provident Association (Bupa), the largest medical insurer, announced increases of 14.7 per cent for the year for individual subscribers, but those renewing company schemes will see an increase of only 7.2 per cent. These figures followed

the previous year of 23 per cent. Norwich Union Healthcare has increased its premiums by 10 per cent for the year, a figure equalled, on average, by Western Provident Association. This figure is higher for the elderly – pensioners on WPA health insurance schemes which qualify for tax relief face an increase of 25 per cent this year, following a 36 per cent rise last year.

But these rises are only averages. On some policies, insurers have frozen premiums, or even decreased them.

Private Patients Plan has announced that premiums will drop by 5 per cent in July. When combined with the increase announced earlier in the year, that means premiums for around 250,000 policy-holders, will reduce or stay the same.

Reductions will fall mostly on budget plans – for example, a family headed by a 50-year-old would see a reduction in monthly premiums from £41.40 to £38.20.

What lies behind the increases? Lawrence Hager, of Noble Lowndes, identifies several factors which together cause the trend to higher premiums. These include:

- Medical inflation – which was highlighted last year when the Monopolies and Mergers Commission investigated consultants' prices.
- Technology.
- Cost-shifting from the public sector to the private.
- Utilisation – the amount of times each policyholder makes a claim.

Anti-selection – the phenomenon by which those who realise that they are likely to need private medical treatment are more likely to take out the insurance.

In the US last year, these combined to force an increase of 20.5 per cent for 1993.

In the UK, medical inflation – as measured by the cost of each claim to the companies – had been allowed to get out of control, but the insurers now seem to be putting a lid on it. According to Arthur Large, chief executive of Bupa, costs per claim increased by only 2.2 per cent last year, following 7 per cent in 1991. This is barely ahead of the rate of inflation.

But rising premiums encourage further anti-selection (as those who consider themselves fit decide that insurance is no longer worth the expense), and also increase utilisation of the service.

According to Large, Bupa's policyholders claimed 7 per cent more often last year than they did the year before. But members of corporate schemes – less prone to anti-selection – actually claimed on their insurance 1.7 per cent less than in the year before, and Bupa's company premiums were not raised at the beginning of this year.

So, the years of cost-inflation may bring consumers some benefits. Insurers have been forced to offer a wider range of products, allowing consumers to avoid paying for cover for ailments which would be just as well treated by the NHS.

WPA, for instance, now has 15 different products with different levels of cover. A family headed by a 50-year-old could pay as much as £1,442.90 a year, or as little as £369, for its insurance.

According to Julian Stainton, of WPA, the latter only covers "quality of life" ailments (such as varicose veins), for which NHS waiting lists are justifiably longest, and does not cover acute illnesses, for which the NHS is usually speedy.

Watch out for further changes to premium structures. Medical insurance has grown much more expensive, but at last the insurers have been forced to keep an eye on what doctors are spending and to address the needs of the consumer.

John Authors

## Top annuity rates

THOSE WHO feel they need not worry about inflation now it has fallen to 1.7 per cent should take a look at the annuity table. All the annuities are "compulsory purchase" – the kind bought with a pension fund on retirement.

You can buy an annuity which grows by 3 per cent annually, or one which increases by the rise in the retail price index each year. Note that the amounts paid out initially for the 3 per cent

annuity are much higher than for the RPI-linked annuity. That means annuities expect average inflation to be considerably higher than 3 per cent over the lifetime of their annuitants.

RNPF Nurses, which appears in several lists, offers annuities only to members of the medical professions. All figures were supplied by The Annuity Bureau, 11-12 Hanover Square, London, W1R 9HD, tel. 071-495 1495.

COMPULSORY PURCHASE ANNUITY RATES			
Index-linked compulsory purchase annuity			
Male age 65	Female age 60	Female age 55	Female age 50
Sun Alliance	£10415.00 Equitable Life	£9404.00	£8404.00
Equitable Life	£8769.04 Sun Alliance	£8238.04	£7837.04
Abbey Life	£8308.00 Sun Life	£7883.40	£7483.40
Annuity escalating by 3 per cent annually			
Male age 65	Female age 60	Female age 55	Female age 50
RNPF Nurses	£10415.00 RNPF Nurses	£9404.00	£8404.00
Equitable Life	£10274.04 Equitable Life	£9287.04	£8287.04
Canada Life	£10175.96 Canada Life	£9187.24	£8187.24
Compulsory purchase level annuity			
Male age 65	Female age 60	Female age 55	Female age 50
Equitable Life	£12615.00 Equitable Life	£10205.04	£9205.04
RNPF Nurses	£12608.00 RNPF Nurses	£10202.00	£9202.00
Canada Life	£12370.82 Canada Life	£9981.20	£8981.20
Joint life annuity (male age 65/female age 60)			
Escalating by 3%	Annuitant Remaining level	Annuitant	
Equitable Life	£7347.66 Equitable Life	£3932.04	
RNPF Nurses	£7347.66 RNPF Nurses	£3932.04	
Canada Life	£7185.44 Canada Life	£3932.18	

All payments are gross, monthly in advance, and without guarantee. Purchase price £100,000.

## New trust offers 8.5% yield

**A** NEW investment trust offering a yield of 8.5 per cent will be launched later this month by Graham Rintoul, a small fund management group. The High Income trust will invest in convertible stocks – fixed-interest securities which can be converted into ordinary shares.

The theory behind convertible investing is that the high yield gives a decent income and, if share prices rise sharply, there is a chance of extra profit by exercising the conversion option.

The theory has not worked too well in recent years, though. The average convertible unit trust rose just 19.4 per cent (offset by income re-invested) over the five years to March 1, according to Financial Research.

High Income's manager, Nick Coombes, says that unit trusts specialising in the area can be hit by redemptions, which require them to sell their most liquid – and often their most attractive – stocks.

Furthermore, many of the convertibles issued in the mid-1980s were by companies on acquisition sprees; many deals turned sour late in the decade and the early 1990s.

Coombes says there are still plenty of good stocks available in the market, such as Tarmac, Amec, Rank, BAE, BICC and Hanson. His main aim is to ensure that the trust can continue to make its dividend payments, which will be paid quarterly. If that is achieved, he says, the capital will look after itself.

The trust's capital structure is that 70 per cent will be in ordinary shares with the rest in zero dividend preference shares, which will be on a redemption yield of 8.5 per cent. The building up of the trust's income account, which has tax advantages. But, as with other split capital trusts, if the manager fails to perform, the demands of the zero will eat into the value of the ordinary shares.

The chairman of the trust will be John Short, the former manager of BZW Convertible trust, the only other investment trust in this field. It is top of the UK General sector over three years, with a rise of 64.1 per cent, and its shares stand at a premium to asset value. High Income trust will have a restricted six-year life, which should limit the danger that the shares will fall to a discount.

Under the present rules, the trust does not qualify for personal equity plan status. So, income-seeking investors might consider it as an add-on to a PEP, such as those on offer from Cazenove, Fidelity, Foreign & Colonial or M&G.

The minimum investment will be £1,000; annual management charge will be 0.8 per cent; and issue expenses will be no more than 4 per cent. The broker is the London-based Greig Middleton. The launch is scheduled for March 25, so details may alter if there is a change in economic and financial conditions before then.

Philip Coggan

## Hit by a horse

**A** RUNAWAY horse ran into our car on a road at midnight. There is no dispute that the animal was to blame and the car was a write-off, although neither my wife or myself suffered serious injuries.

My insurance company has paid me for the car but the other side, although admitting the horse was responsible, is refusing to meet such additional direct costs as hospital and hotel accommodation.

■ Your remedy here would lie in suing the owner of the horse for the loss which you have incurred and which the insurers are not prepared to meet. This might present difficulties if the horse was not being ridden and had escaped from private land; but section 6 of the Animals Act 1971 makes it possible to establish negligence in keeping the horse in such circumstances that it was able to get into the road in the way in which it did. You would be wise to consult a solicitor.

the company has not traded since the last accounting date. The directors should pass a resolution to take personal responsibility for any unquantified liabilities (accountancy fees) plus a resolution that the company has ceased to trade, is no longer required, and that the companies' registrar be asked to strike it off the register. Signed copies of the resolutions and balance sheet are then sent to the registrar with a note of the company's tax office and reference number.

If the inspector of taxes responds to the registrar's enquiry and confirms that all tax liabilities have been settled, the registrar will normally proceed to strike off the

company. This will involve considerably less cost than a winding-up.

**Claim for discount**

MY WIFE owns a small cottage which is registered in her name. I believe she is entitled to a 50 per cent council tax discount on it as a "second home." But the local authority claims that "a property which is not a sole or main residence but is furnished with furniture and is subject to a decision taken by the council. This appears to con-

## Q&amp;A

**BRIEF CASE**

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

traverse the literature published by the Department of the Environment?

■ While you would be entitled to a rebate on an empty property (for up to six months), the property is not regarded as empty while it remains furnished; hence, the council would appear to be correct. This is not a decision "taken by the council" but an application of the rules which govern the new council tax.

**ONLY 2% INITIAL CHARGE**

# PEP

**DIVERSIFY INTO EUROPE**

- European markets are likely to outperform the UK over the short and medium term.
- Our European Growth Trust has top quartile performance over 3 and 5 years.
- European investment can protect against further sterling decline.
- Send for our free guide "Europe - Still Underdeveloped, Underestimated and Under-owned."

**FREE GUIDE**

**GUINNESS FLIGHT EQUITY SELECTOR PEP**

Return the coupon now for details of the Equity Selector PEP or all Available Europe PEPs to: 011 522 2111 Investor Services Department, Guinness Flight Fund Managers Limited, 15 Cavendish Street, London W1 2NF.

Name \_\_\_\_\_ Title \_\_\_\_\_ Initials \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

1456-93

\*Guinness FLIGHT PEP is a personal investment plan. It is not a bank deposit. The value of the PEP and the amount invested may fall or rise and will not be guaranteed. The selection of investments and the amount invested may only be made by the amount you invested. Please see the Guinness Flight Fund Managers Limited, a member of Guinness.

**AIRCRAFT FOR SALE**

**HUNTING Aviation Services**

**CURRENT AVAILABILITY**

**CORPORATE AIRCRAFT SALES, PURCHASE AND CHARTER**

**CORPORATE AIRCRAFTS:** Challenger II, Challenger III & IV, Challenger S2, 125-800

**CORPORATE TYPES:** C-47, C-54, C-55, C-56, C-57, C-58, C-59, C-60, C-61, C-62, C-63, C-64, C-65, C-66, C-67, C-68, C-69, C-70, C-71, C-72, C-73, C-74, C-75, C-76, C-77, C-78, C-79, C-80, C-81, C-82, C-83, C-84, C-85, C-86, C-87, C-88, C-89, C-90, C-91, C-92, C-93, C-94, C-95, C-96, C-97, C-98, C-99, C-100

**CONTACT:** Neil Harrison, Tel: 081-597-4446, Fax: 081-759-4688, Telex: 23734 HICAV G.

## FINANCIAL TIMES MAGAZINES

**Subscribe to the Investors Chronicle today and receive a FREE book on the basics of investment**

— plus four free issues of the magazine —

**"Highly recommended...informative, comprehensive and readable."**  
Lord Hanson  
Chairman Hanson Plc

**"A clear, jargon-free guide to every aspect of investment in the City"**  
The Independent

**"The best guide for the total novice"**  
Financial Times

What is it that makes the **Investors Chronicle Beginners' Guide to Investment** so special? A must for all investors, **Beginners' Guide** is packed with vital information on the markets. The **Financial Times** review called it "the best guide for the total novice," but added that "More experienced investors might still benefit."

**Investors Chronicle Beginners' Guide to Investment** is split into three sections covering the main aspects of finance and investment.

**Part One. CITY MARKETS.** What does the City do and how do the different markets work?

**Part Two. HOW TO INVEST.** What are the individual investor's choices and how do you decide what's right for YOU?

**Part Three. INDIVIDUAL COMPANIES.** The nitty-gritty of investing in shares. How to tell the winners from losers. Finally the book rounds off with valuable appendices on tax, investors' rights and choosing a stockbroker, plus comprehensive tables.

The book is the perfect introduction to a subscription to **Investors Chronicle**. **Getting in ahead of the pack** is the key to successful investment, as professionals know. But private investors have to be very canny to manage this. **Investors Chronicle** is published by the **Financial Times**. So you can be confident that by reading **Investors Chronicle** each week you will be amongst the first to spot profitable market trends.

**Don't delay**, fill in the order form below and qualify for your **FREE COPY** of **Investors Chronicle Beginners' Guide to Investment** PLUS 4 free issues of **Investors Chronicle**, the essential weekly magazine published by the **Financial Times**.

## INVEST IN THE CHRONICLE SPECIAL OFFER SUBSCRIPTION FORM

Please return to:

F.T. Magazines, Subscriptions Department, 1st Floor, Central House, 27 Park Street, FREEPOST Croydon CR9 9ER England.

☐ **YES**, Please enrol me in your trial subscription offer to **Investors Chronicle**. I understand that I will receive my first four issues absolutely free. Thereafter, I will receive my first year's subscription at the normal rate. If I cancel within 4 weeks any money I pay out will be refunded in full.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Please enrol me as below:

☐ £77 UK (inc. N. Ireland)

☐ £92 Europe (letter rate) R. of Ireland (or local currency equivalent)

☐ £111 Rest of World

☐ I enclose a cheque payable to F.T. Business Enterprises Ltd.

☐ Please invoice me/my company

☐ I wish to pay by credit card.

☐ Please debit my account.

☐ Visa ☐ Access ☐ Amex ☐ Others

Card No. \_\_\_\_\_

Expiry date \_\_\_\_\_

F.T. Business Enterprises Ltd. Registered office: Number One Southwark Bridge, London SE1 9HL. Registered in England No. 980896

**BLOCK CAPITALS PLEASE**

Mr/Ms/Miss \_\_\_\_\_

Job Title \_\_\_\_\_

Company/Private Address \_\_\_\_\_

Country \_\_\_\_\_

Nature of Business \_\_\_\_\_

623387

**FINERA**

**INVESTORS CHRONICLE** is a trademark of the **Financial Times Group**. As a result of responding to this advertisement, your name might be added to a mailing list. This may be used to keep you informed of other FTBI products and may also be used by third parties to send you other offers in the future. If you prefer not to receive such offers, please write to the above Subscriptions Dept. (Data Protection Act 1984 - Reg. D0768 026). The price of stockmarket investments can go down as well as up. Past performance is not a guide to future performance.

## Wind-up worry

**AFTER SELLING** a business in 1970, my wife and I were left with a company which had previously run the business. Since that time, it has been reorganised by the tax authorities as an investment company - my wife and I being the sole shareholders.

In the beginning, the value of the investments held amounted to very little, but this has grown gradually over the years to £20,000. There are no debts and no activity other than the payment of a few hundred pounds for secretarial services to my wife. But accounting charges amount to around £400 per year, which seems a waste of money.

Because of our age - we are both 70-plus - we wish to liquidate the company but have been quoted £2,000-plus for this. What should we do?

■ It might be preferable to take a different course from formal winding-up; namely, to have the company struck off the register of companies as having ceased to trade. Briefly, you would pay off any creditors and all taxes and distribute the assets as dividend. You then prepare a balance sheet, which need not be audited if

**PEP DISCOUNTS**

Normal	On Charge
Fidelity 2%	0%
Perpetual 5%	1%

At least 2% off all other unit trust PEPs. Why pay more?

**THE PEP SHOP LTD**  
Tel: (0662) 825105  
Open today until 5pm

PEPs are long term investments, whose value may fall as well as rise. The PEP Shop Ltd is not a bank. It is a company registered in England. It is not a financial institution. It is not a member of the Financial Services Commission.

## STILL PAYING BUSINESS BANK CHARGES?

**5.50%**

**P.A. GROSS WITH A CHEQUE BOOK FOR INSTANT ACCESS**

Interest paid to companies grows, to sole traders and partnerships, net of basic rate tax. Interest rates may vary. No interest is paid on deposits of £1,000 and below.

Allied Trust Bank, 97-101 Cannon Street, London EC4N 5AD.

**ALLIED TRUST BANK**

Cut out bank charges and earn good interest with a High Interest Bank Account for Business. Free banking is possible, subject to the account's terms and conditions. Minimum initial deposit only £2,001. Call 071-626 0879 (answermachine) for full details.



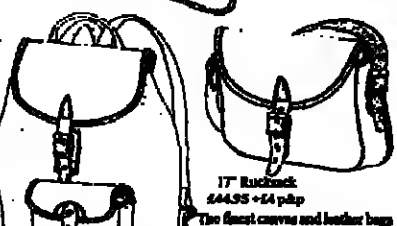
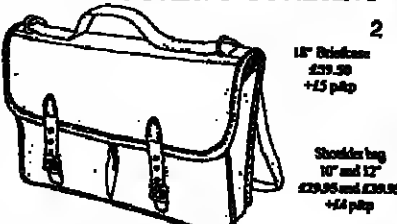
# RACING GREEN

**SIMPLY THE BEST CLASSIC CASUALS AVAILABLE - IN A CATALOGUE.**

New Mid-season catalogue out now - call us on:

**0532 382 400**  
Racing Green, Catalogue Request Dept., PO Box 100, Molesey, Surrey, Surrey TW20 2EX.

# THE STOCKBAG COMPANY



17" Shoulder bag £29.95 +£2.50 p.p.  
17" Shoulder bag £44.95 +£4 p.p.  
The Stockbag Company, 144 Brompton Park Road, London SW11 4NB.

# Essential Luxuries



FT BROCHURE GUIDE

# THE GENUINE PANAMA HAT COMPANY



£59.95  
THE GENUINE PANAMA HAT COMPANY (hats imported from Ecuador) Only a genuine high crown Superfine will roll up to fit in your pocket. We deal in hundreds of Panamas a year but only a very few Westchester Superfines. Each hat has been handpicked in the Andean foothills of Ecuador and imported. £59.95. Also, low crown Superfine in a trill style at £49.95. Rigid Panama at £29.95. All prices include p.p., within the UK. (Airmail charged at cost). Sizes 6 3/4" to 7 3/4". Call now for 3 day mail order despatch on: 071 720 3300. Cheques to The Genuine Panama Hat Company, 140 Battersea Park Road, London SW11 4NB. Fax: 071 498 0590.

# BOXEN

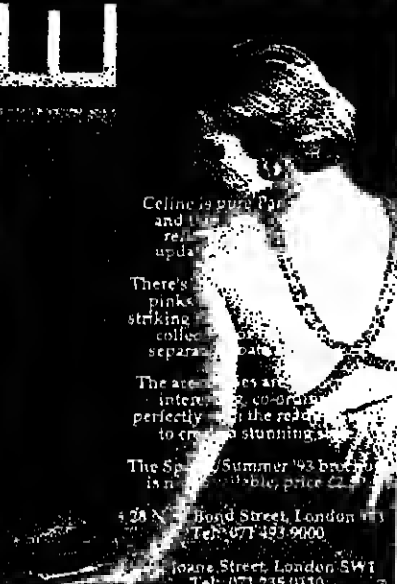


Do You Have Enough Real Friends In Your Wardrobe?  
Join The Fourth Great Clothes Hunt: clothes that look and feel right, unburdened by those annoying details. Our new Spring catalogue will be out at the beginning of March. For both men and women. For a FREE catalogue ring 071-608 3330 and quote BGV1



**The Scotch House**  
Telephone 071-581 2151, extension 510 for your copy of our Spring/Summer 1993 brochure, price £2.00 (refundable against first purchase).

**The Scotch House**  
2 Brompton Road, Knightsbridge, London SW1X 7PB.



Celine is proud to be a...  
There's a...  
The Scotch House...  
2 Brompton Road, Knightsbridge, London SW1X 7PB.



**A SPORTING OFFER**  
Send for our free catalogue and we will send you a pair of brass collar stiffeners absolutely free and without obligation.

The new CHARLES TYRWHITT SHIRT catalogue features both LADIES' and MEN'S two-fold cotton poplin shirts, together with silk ties, boxer shorts, polo jerseys and cufflinks. GOODS DESPATCHED WITHIN 24 HOURS.

Phone: (0252) 860940/Fax: (0252) 861677. Charles Tyrwhitt Shirts FREEPOST Saddlers Court, Camberley, Surrey GU17 7BR.

# JAMES MEADE LIMITED

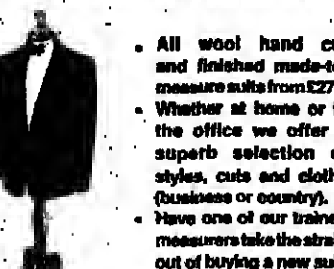


**BUY THREE SHIRTS AND GET ONE FREE!**

Choose from men's and ladies' shirts, in a choice of sleeve lengths, for under £30 each. Also a selection of good quality nightwear, knitwear and accessories at affordable prices. By dealing direct we offer the keenest prices. 32 page colour catalogue FREE. Telephone for your copy today on 0264 333222.

# NORTON TOWNSEND

Made-to-Measure Service wherever it suits you



All wool hand cut and finished made-to-measure suits from £275.  
Whether at home or in the office we offer a superb selection of styles, cuts and cloths (business or country).  
Have one of our trained measurers take the strain out of buying a new suit.  
Call for a brochure 071-735 4701  
Travelling tailors based out of London, Kent, Surrey, Sussex, Essex, Cambs, Herts, Beds, Bucks, Middlesex, Northampton, Yorkshire, Edinburgh and the Borders

# Chester Barrie



Sartorial Inspiration

For a brochure illustrating our latest collection: Telephone 071 734 4733 or write to Chester Barrie, 32 Savile Row, London W1X 1AG

# BREITLING



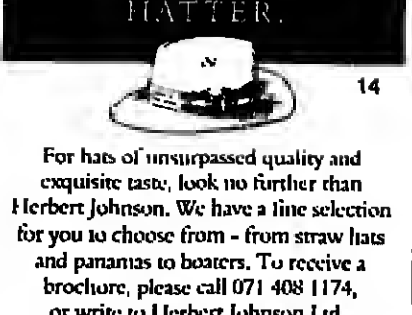
**HACKETT LONDON**  
Gentlemen's Clothing  
100-102 Tottenham Court Road, London W1P 0LP

# the Selfridge selection



**Fancy that!**  
The best of Selfridges is now available by mail order. For your free copy telephone 0272 244 703

# HERBERT JOHNSON DISTINGUISHED HATTER.



For hats of unsurpassed quality and exquisite taste, look no further than Herbert Johnson. We have a fine selection for you to choose from - from straw hats and panamas to boaters. To receive a brochure, please call 071 408 1174, or write to Herbert Johnson Ltd., 30 New Bond Street, London W1Y 9HD.



**Burberrys By Post Service**

Telephone 071-930 7803 for your copy of our Spring/Summer 1993 brochure, price £2.00 (refundable against first purchase).

**Burberrys**  
18-22 Haymarket, London SW1Y 4QQ.

# ROWLAND'S OF BATH



Spring and Summer clothes with a difference. send for our FREE catalogue. Shops in Bath, Salisbury and Chichester.

Rowland's of Bath (Dept 58), PO Box 147, Bath BA1 2YZ. Tel: 0225 446546

# THE ANTIQUE WINE COMPANY

Offers THE ULTIMATE GIFT  
Such exquisite taste is rare

It's always difficult to find a gift for the people you truly value. The few that deserve and recognise the very best, who have and appreciate genuine fine taste.  
A Unique and original gift from The Antique Wine Company could be just what they deserve. A rare and fine wine from the vintage of the recipient's birth, together with an original issue of "The Times" from the exact date, presented in a gold-tooled, leather finished case bearing a polished brass plaque with your personal message. Every bottle is accompanied by a fascinating vintage report and history of the wine, each of which has been carefully selected for its prestige and perfect drinking quality.  
Prices range from £170 to £600 or more for a particularly precious vintage. Simply advise us of the date and year required and we shall be pleased to suggest the choice of wines available from that vintage and their cost.

THE ANTIQUE WINE COMPANY  
UK TEL: 0827 64174 UK FAX: 0827 64175  
Toll Free Fax from the USA on 1 800 827 7153

# PENNY PLAIN



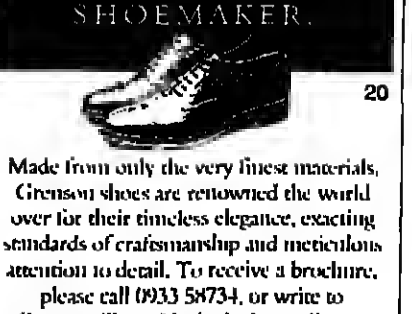
Our Spring/Summer catalogue of exclusive separates, original knitwear and T-shirts in LUXURIOUS NATURAL FIBRES (silk, linen, cotton, Liberty cotton poplin and voile) will charm you. Our clothes are beautifully made and designed for ultimate comfort and quality, sizes 10-20. Send £1 or call 091 232 1124 and quote code FT4 10 Marlborough Cres, Newcastle, NE1 4EE.

# SIMPSON BY POST



To enjoy the considerable sartorial benefits of shopping at Simpson from the comfort of your own home, call Telephone 0900 288 188 now for your complimentary copy of our 1993 Spring / Summer Catalogue for Men.  
**DAKS Simpson**  
071-724 8000 LIVERPOOL

# GRENSON ENGLAND'S MASTER SHOEMAKER.



Made from only the very finest materials, Grenson shoes are renowned world over for their timeless elegance, exacting standards of craftsmanship and meticulous attention to detail. To receive a brochure, please call 0933 58734, or write to Grenson Shoes Limited, Queen Street, Rushden, Northants NN10 0AB.

# The White House

One of London's Greatest Shops



For over 80 years THE WHITE HOUSE has supplied the best homes in the world with the finest linen for the table, bed sets, towels, luxurious lingerie, men's and women's fashions and beautifully made children's clothes  
Catalogue Price £2

# ExerSculpt



ExerSculpt™ works all the major muscle groups of the body and provides superior cardiovascular exercise. It efficiently strengthens your heart and lungs, tones muscles and burns fat in as little as 20 minutes, three times a week.  
Call 0800 616179 ext FT2C3

# Burberrys



A two piece suit, cut and made to your personal requirements, from £395. Our tailor will visit you at your home or office at no extra charge. For an appointment anywhere in the British Isles, telephone 071-839 2434.  
**Burberrys**  
18-22 Haymarket, London SW1Y 4QQ.

# SILVER DIRECT

The finest Bond Street Silver at affordable prices  
Buying direct from source and having minimal overheads enables us to offer savings of up to 30% on shop prices.  
From sterling silver cutlery to collar stiffeners.  
Frames for wedding presents, hair brushes for christenings, silver clocks for anniversaries.  
Prices from £25 to £500  
All by mail-order.  
Free brochure available from: Silver Direct, PO Box 925, Shaftesbury, Dorset, SP7 9RA. Tel: 0747 828 977

# We provide by mail:-

**THE BEST FROM THE PERIGORD**  
Goose and duck foie gras, confits and cassoulets, canard à l'orange and au poivre, civet de lièvre and canard, coq au vin, goose fat, whole black truffles and truffle juice

**THE BEST FROM ITALY**  
White and black truffles, white truffle and olive oil dressing, truffled sauces for crostini and cooking, San Marzano sun dried tomatoes, dried wild porcini and lots more  
mail order catalogue from

**THE CLARK TRADING CO**  
17501 THORNTON ROAD  
LONDON SE12 4LH  
TEL: 081-221 9057 FAX: 081-221 9058



Designs for Living is a lavishly produced 108-page colour brochure, featuring the full range of Erco solid wood furniture in a variety of inspirational settings. It shows the wide choice of fabrics, wood finishes and design themes within the Erco Collection and provides a fascinating insight into the craft traditions that go into each piece. Price £2.50



Exclusively designed classic clothes that are well priced, well made and offer the very best in mail order. For your free catalogue: Tel: 071 735 7577 Fax: 071 582 2876 or write to: JAKE, 178 Kennington Park Road, London SE11 4BT.



The Next "Essential Luxuries" FT Brochure Guide is on October 16th 1993  
For further details please contact Genevieve Marengi on 071-873 3185

# ESSENTIAL LUXURIES CATALOGUE GUIDE ORDER FORM

Please tick the appropriate boxes for catalogues that you would like to receive, enter your own name and address and then send or fax this coupon to the address/fax number shown. Replies must be no later than April 13th, 1993.

- |                                   |                              |
|-----------------------------------|------------------------------|
| 1. Racing Green                   | 14. Herbert Johnson          |
| 2. The Stockbag Company           | 15. Burberrys                |
| 3. The Genuine Panama Hat Company | 16. Rowlands of Bath         |
| 4. Johnny Boden                   | 17. Antique Wine Company     |
| 5. Scotch House                   | 18. Penny Plain              |
| 6. Celine                         | 19. Simpsons                 |
| 7. Charles Tyrwhitt               | 20. Grenson Shoes            |
| 8. James Meade                    | 21. The White House          |
| 9. Norton & Townsend              | 22. Nordic Track             |
| 10. Chester Barrie                | 23. Burberrys Tailor Service |
| 11. Breitling                     | 24. Silver Direct            |
| 12. Hackett                       | 25. Clark Trading            |
| 13. Selfridge Selection           | 26. Erco                     |
|                                   | 27. Jake Fashions            |

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
POSTCODE \_\_\_\_\_

For any catalogues that require payment, please make cheque payable in sterling or current equivalent currency rate, to the FINANCIAL TIMES LTD. and send it with this reply coupon to:

WEEKEND FT ESSENTIAL LUXURIES CATALOGUE (Ref 493)  
Capacity House, 2-6 Rothsey Street, London SE1 4UD. Fax No. 071 357 6065.

Addresses supplied by readers in response to this guide will be retained by the Financial Times, which is registered under Data Protection Act 1984



## BOOKS

# Master of patriotic verse

This biography reinstates the true value of Tennyson's poetry, says Anthony Curtis

**S**LIGHTLY more than 200 years ago, in October 1832, Tennyson had the biggest, most public funeral of any English poet. A spectacular ceremony in Westminster Abbey with survivors of the Light Brigade lining the aisle. It was an appropriate final tribute to a poet whose work had penetrated every literate household in the land. What other poem has ever become so inextricably interwoven with history and national pride as *The Charge of the Light Brigade*?

When the Duke of Wellington died, Tennyson (who had been appointed Poet Laureate two years earlier in 1850 on the death of Wordsworth) wrote: "Bury the Great Duke! With an empire's lamentation, Let us bury the Great Duke! To the noise of the mourning of a mighty nation..." It

TENNYSON  
by Peter Levi  
Macmillan £20, 370 pages

was an Ode in which Tennyson gave robust patriotic expression to the Victorian moral outlook in the famous couplet: "Not once or twice in our fair island-story, The path of duty was the way to glory..."

Most of the time today we apprehend poetry, when we bother with it at all, privately, almost secretly, through the eyes, listening to the sound of the words only with the mind's ear. That is quite different from the way Tennyson and his contemporaries listened to poetry. For them it was read aloud regularly as part of general and parlour entertainment. Tennyson's contemporary Browning perfected the notion of a poem as a histrionic monologue. Even a poem-sequence stemming from a deep sense of personal loss like *In Memoriam* was conceived in terms of public utterance.

Peter Levi, a poet himself, is highly sensitive to this aspect of Tennyson, and reminds us of it when commenting on the poems. His biography of the poet comes in the wake of several previous ones in recent years, such as Robert Bernard Martin's *Tennyson: The Unquiet Heart*

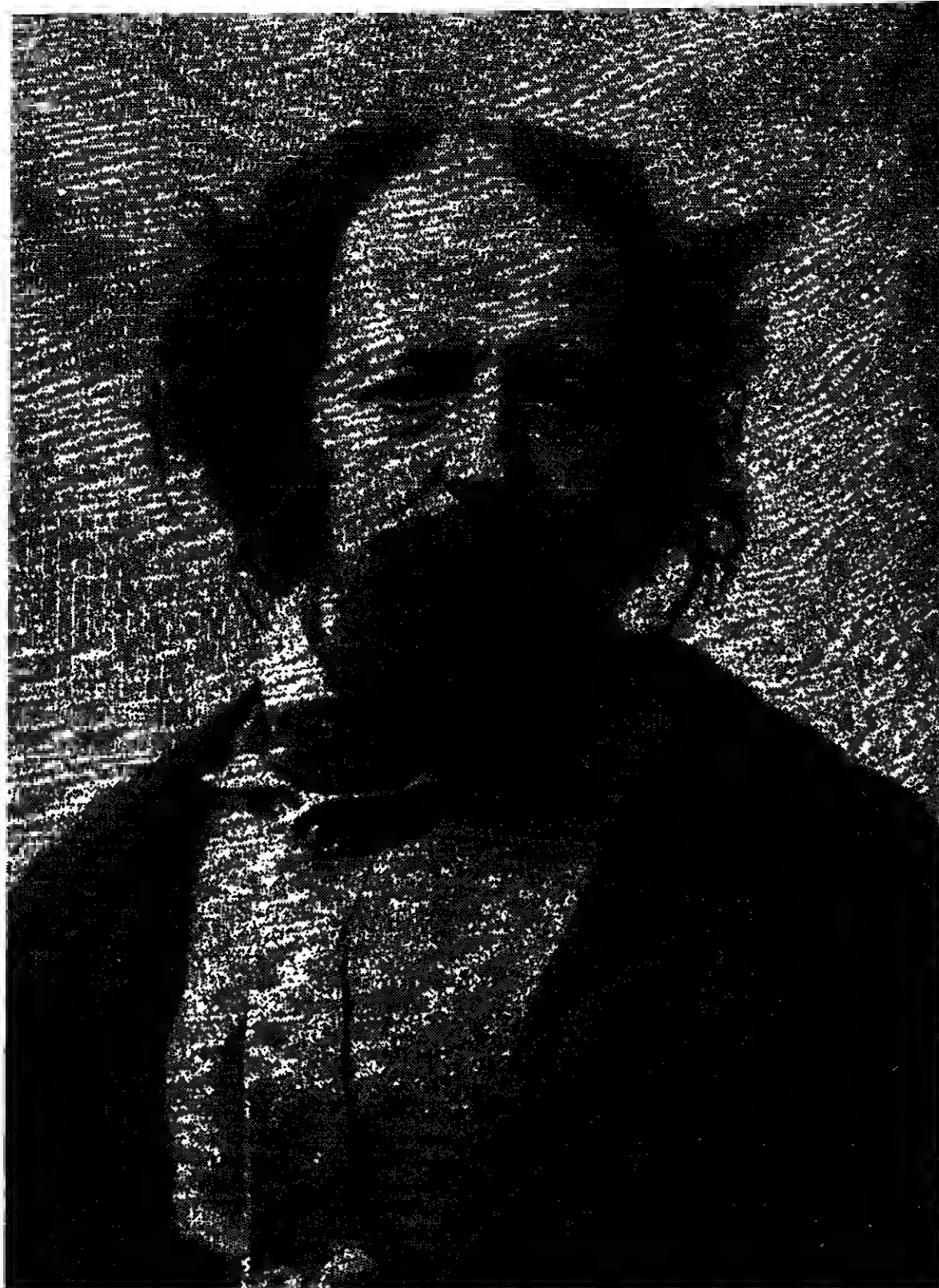
(1983) and Michael Thorn's *Tennyson* (reviewed here last year). There have also been published during the past decade three volumes of *The Letters of Alfred Tennyson* and in 1989 there was a truly complete edition of the poetry with copious biographical notes on each poem edited by Christopher Ricks.

The basic facts, then, are not in dispute and Levi has no tremendous revelations to unfold. His fresh light arises from his more arduous discoveries - a copy of the *Post Homerica* of Quintus of Smyrna inscribed in Greek (by Arthur Hallam he surmises) to Tennyson and providing him with the source for the sequel to *Oenone*. We read once more of the poet's upbringing as the fourth son of a drunken Lincolnshire rector, and of his attendance at Louth Grammar School and Trinity College, Cambridge, where he was one of the earliest members of the Apostles debating society.

He went down from the university with the Chancellor's Gold Medal for his poem *Timbuctoo* but without a degree. He made his poetic debut in 1827 in the slim volume, *Poems by Two Brothers*, a joint venture with his sibling Charles. Then in 1830 came *Poems, Chiefly Lyrical* of which he was the sole author. It was cruelly savaged by that notorious literary hatchet-man of the period J.W. Croker - "Croker", Levi aptly calls him - in the *Quarterly Review*. And as if this was not enough misery, a tragic blow followed when an urgent letter from abroad informed Tennyson that his great Cambridge friend Hallam (who was engaged to be married to his sister Emily) had died of apoplexy in Vienna.

Levi discounts the view taken afterwards by Tennyson that, had his other friends not supported him at this time of crisis with their praise of his work, he would have given up poetry altogether. In the event he began *In Memoriam* soon after his friend's death and he continued to draft poems treating of the legends of Camelot. Levi dates the emergence of Tennyson as a great poet to this period.

For those of us who belong to a generation whose taste for Tennyson was systematically poisoned, first by reading T.S. Eliot's complaint that he



"ruminated" tediously, and then by the strictures of F.R. Leavis, the deeply-felt responses in this book are a pleasingly corrective experience. Levi rates the song "Tears, idle tears" as a "sad and perfect lyric". That was the very poem Leavis made the spearhead of his attack, contrasting it, much to its disadvantage, with a more poised poem of regret by D.H. Lawrence.

But Levi discriminates too. He suggests that *The Idylls of the King* are fatally flawed and most of them

should be read quickly if at all. He feels that the best part of *The Princess* is the Prologue, with its description of an open day in summer in the grounds of Park House for the members of the Maidstone Mechanics Institute. (The funfair scenes in Keo Russell's recent and notorious production of Gilbert and Sullivan's *Princess Ida* were ultimately derived from this instance of Tennyson's descriptive skill).

The plays Levi regards as more or less unreadable and certainly

unperformable; but he thinks that *Maud* (severely panned by George Eliot when it first appeared) is "a powerfully impressive poem". He finds in it "a very full and fully sexual expression of love, which as a younger and unmarried man Tennyson could not have written (there he differs from Tolstoy)". It is these bizarre throwaway comparisons that have such a salutary effect on the reader: like the book as a whole, they send one straight back to the poems.

# In search of Olympia

**F**OR EVERY one art lover who knows her name, thousands can instantly recognise the face and body of Victorine Meurent. She was the bold model with the tight little frame and steady, daring gaze whose depiction in Manet's *Olympia* and *Le Déjeuner sur l'Herbe* revolutionised European nude painting and outraged the 19th century art world. Contemporaries called Meurent "a female gorilla" and marched through the Salon with sticks and umbrellas to attack her portrait. Now she is something of a feminist heroine, the plucky naked girl who stares out of the canvas defying male expectations of subs.

ALIAS OLYMPIA  
by Eunice Lipton  
Thames & Hudson £12.95, 181 pages

mission, the star of a sexy *fête champêtre* who refuses her part in the erotic script.

Who was the woman behind the image? *Alias Olympia* is subtitled "a woman's search for Manet's notorious model and her own desire", and began as Eunice Lipton's attempt to find out. Lipton is a distinguished art historian, but she soon discovered that history had buried Meurent as a typical model - prostitute, alcoholic, loser - nicknamed "the Shrimp". Meurent is known to have painted as well as modelled, but records, documents and interest in her were negligible. There seemed no book to be written.

But Meurent became for Lipton an obsession, and scholarly research a detective trail of blazing personal urgency. With wit and perception, Lipton describes how she lived, breathed and dreamt Meurent, how lacklustre archivists and Parisian alleyways drove her to paranoia, how she came to see the Parisian model born a hundred years before her as an alter ego who shared her own problems with family, lovers, feminism and the art establishment. Biography merges into autobiography, art history into a novel as she creates her own idealised Meurent: a defiant lesbian artist who whizzes about Paris, sells her paintings, drinks alone in bars, does her own thing. The result is a clever, unorthodox, enthralling book which combines criticism and fiction in elegant symbiosis.

Lipton's overarching theme is the century-old treatment of women as objects in art; and culture, and the way this continues to condition how women see themselves. Here Meurent is the breakthrough, "resisting centuries of admonition to ingratiate herself", consigned to (patriarchal) historical oblivion as punishment. Manet, who after all created the radical image, gets no credit.

But you do not have to agree with Lipton to enjoy her story. Her format allows a plethora of juicy digressions - sharp words on the pampered, male-bonded lives of Berthe Morisot and Mary Cassatt, for example, snap into an analysis of why Renoir and Manet and Monet endlessly depicted one other painting, but never drew the women artists working. Lipton has inspired hunches, admissions of uncertain assumptions or dead-end routes which a narrower scholarly work would lose. Most dazzling is her confidence to turn the tables on herself and unearth research that shows how pathetically an ageing, down-and-out Meurent traded on the Manet connection: a final joke in which Meurent refuses to play, her author's game as trenchantly as she declined to satisfy the 19th century viewer.

*Alias Olympia* joins a small, impressive genre of post-modern criticism - Richard Holmes' *Footsteps*, Cecily Mackworth's offbeat account of Freud in *Lucy's Nose* last year - where the academic search is the story, where loose ends are not tied up and uncertainties are accepted and hiring life to the narrative. It is cultural history at once learned, provocative, original and unstuffy.

Jackie Wullschlager



Detail from 'Olympia', by Manet

# Much Whiggery pokery

J.H. Plumb admires the political skills of a remarkable man

**T**HIS IS a very pleasant, quiet book. It does not flash or thunder or try to impose an ideological interpretation or go in for psychoanalytical theory. In the hands of a professional scholar, it would probably have been three times as long, burdened with five times as many footnotes and dragged behind it a bibliography of 20 pages. The result would have been less readable and probably less wise.

Sometimes the book skirts on thin ice when the author ventures into European problems or Britain's economic development, but the ice never cracks. Apart from a few weaknesses, it is an excellent book, in its quiet way seductively readable and illuminating. Reading it is like eating a dish of well-buttered brown bread, very nourishing, very sustaining, and very rare these days.

It is about John Ponsonby, who became Viscount Duncannon as a schoolboy and suc-

ceeded as 4th Earl of Bessborough a few years before he died in 1847. The old Ponsonby estates were in Ireland, near Kilkenny, but the family rarely went there for his mother was sister to Georgiana, Duchess of Devonshire, (and a Sponcer) and preferred their house at Roehampton.

Indeed, Duncannon was born into a very large whig network which took Charles James Fox as its hero and leader: a part, therefore, of that vast whig cousinage based principally on London but which also spent a lot of time visiting each other. The core of his circle were the Cavendishes, Spencers, Fitzwilliams, Lambtons, Howards and Lambos. Duncannon was related to most of them.

It was a dissolute society enjoying the kind of sexual freedom which people enjoy today but with its own taboos (you did not sleep with marriageable girls of good family) and shibboleths (male infidelities were mere "scrapes" and openly gossiped about). The tone was set by the Devonshires: the Duke brought up his bastards in the same nursery as his legitimate children. His mistress, Lady Elizabeth Foster, was a close and loving friend of his wife.

Their more dangerous obsessions were drink and gambling - in the case of Fox and the Duchess of Devonshire almost ruinously so. Duncannon's mother, whose lover, Granville Leveson-Gower, was 12 years

DUNCANNON: REFORMER AND RECONCILER 1782-1847  
by Dorothy Howell-Thomas  
Michael Russell £19.95, 400 pages

younger than herself, bore him two girls but they were brought up apart from the family. She was almost as extravagant as her sister, Georgiana. To put it mildly, the whig cousinage was randy, extravagant, alcoholic and arrogant.

One of the fascinations of this book is to see how the scions of this group adjusted to the vast political and social crises which ravaged Britain between 1810-50. Their world

was toppling and changing as fast as our own has done this last few years. Duncannon, in his somewhat subtle yet debonair manner, was remarkably effective in guiding Britain through those tempestuous times.

He made three great contributions to British political and social life. He strengthened the office of Chief Whip; cleaned up the morass of antiquated administration that was responsible for public and Royal buildings; and kept Britain afloat and almost at peace in Ireland during the turmoil caused by the Union.

His skills were a capacity for business, for the quick mastery of a complex brief which is the hallmark of "a man of busi-

ness" in politics. As Chief Whip he kept the whig opposition coherent during the long premiership of Lord Liverpool, creating an umbrella that sheltered and kept together old-fashioned whigs like Fitzwilliam and red-hot radicals like Alderman Wood. His attention to detail was prodigious and he obviously possessed the most important yet elusive of political qualities - charm. He was always relaxed, cool and courteous, yet rock-like in basic principles derived from Fox.

This biography is easy and enjoyable to read, not profound in itself but driving one to brood on the complexities of politics and the art of governing in a changing world where the future was hard to forecast. Some of our cabinet could read it with advantage. Dorothy Howell-Thomas is to be congratulated for resurrecting a remarkable man but not only important in his day but significant to posterity.

# Questions of imperialism

"WHO ARE these Victorians? By what mark are we to know them? What creed, what doctrine, what institution was there among them which was not at some time or other debated or assailed?"

**T**HUS G.M. Young in his *Victorian England: Portrait of an Age*. We will find a partial answer to the question in this excellent biography. But the answer will be disappointing. Much of the value of *Thangliena* lies in the fact that the biographer, ostensibly narrating the life of a typical "Guardian" in the old Anglo-Indian mould, reveals the inner man.

Lewin was a Victorian imperialist; born in 1839, he died in 1916. He was characteristic of his age and class in his energy, range of interests and accomplishments, his undoubted devotion to the Lushai Hill Tracts tribesmen he first vanquished and then ruled paternally. But Lewin was consumed nevertheless by hatred of "this beastly country", and burdened with longing for an English arcadia where he could gain peace of mind.

Lewin did not find that peace; even in retirement he was reduced to depressed resignation, solace in music and tobacco. Unfeeling parents, unhappy school days, and the horrors of the Mutiny through which he fought aged 19, may have shaped his temperament into a pattern whereby the surface was all action and decision, the background dark and obscure. Such a psychological evolution was not uncommon with imperialists, who devoted much of their lives to unselfish service yet could never find true fulfilment therein. These Victorians, who brought a kind of law and order to the world - even if a punitive expedition always remained to back them up - were conscious to a degree which perhaps we fail to appreciate today that "the day's work", as Kipling expressed it, begged more questions than it settled.

To be fair, Harvey gives a response to such carping in the concluding sentence. "We will know better," he informs us, "where we are going when we have got there, and a book like this one cannot be more than an attempt at an interim report." If the interim report takes 756 pages, keep a retirement or two free for the final solution.

Andrew Adonis

THANGLIENA: A LIFE OF T.H. LEWIN  
by John Whitehead  
Riscadale Publications £25, 437 pages

we can see why these men of the wild green earth called Lewin "Thangliena", the "Lushai's first white friend". Lewin was so honoured - much as a tribe in Iraq called itself the Beit Mackenzie, "Mackenzie's people", in memory of some otherwise forgotten son of empire - not because he subdued, ruled and succoured them, but because he identified himself with them, living as a man amongst men rather than as a ruler amongst ruled. He did so in the hope of answering that nagging Victorian question: for what purpose am I here, in wilderness or by the Surrey pines to which, his health broken, he rather prematurely retired.

Yet Lewin left his mark, and in an imperial context after all. The Lushai and Chin tribes were courageous guerrilla warriors in the second world war, and succumbed to no Japanese lures. One hopes that, in some Victorian nirvana, Lewin had his question answered at last.

Anthony Verrier

# Jaw, jaw about war, war

**C**OLLISION of Empires is not one book but three. Its sections - on the wars against revolutionary and Napoleonic France, and the First and the Second World Wars - are separate works. They all just happen to be about long wars since 1793 in which Britain was involved.

The book lacks two of the characteristics necessary for a contemporary historical bestseller: copious illustrations and a price under £25. But it has the rest. It is very long, very readable, very detailed, crammed with footnotes evidencing colossal research; and it purports to address a "big question": how did Britain's experience of the three wars compare?

Mr Harvey barely begins to answer that question, but his lucidity and erudition are not to be gainsaid. As an account of the inter-connections between politics, diplomacy and military strategy in three European wars since 1793, his book is masterly, full of insight and sympathy. The minutiae - pages, for instance, on the origins of the Machine Gun Corps and why Sir John French was not sacked earlier as commander of the British Expeditionary Force - can be oppressive, but Harvey's grasp of constitutions, dynasties, strategy, technology, national

accounts, and more besides, is remarkable, dazzling professional and bedtime readers alike.

Harvey has an eye for the vivid quotation and cutting aside. After a survey of the chronic incompetence of pre-1914 Habsburg administration, he remarks, "only an Austrian archduke could have fallen victim to a second assassination attempt in one day." Tannenberg, Ypres, Verdun, Caporetto, the Somme, "toll the passing of an age that was unprepared for its own demise and died hard." Stalingrad was "only the nemesis of a consistently hubristic style of campaigning."

The hubris and the insulation of military and political elites from the horrors of all three wars, are deftly intertwined with passages on the technicalities of tanks, gas, average earnings and high-definition radar. "Generally," Harvey opens one chapter, "the military favoured new or improved ways of killing people." Like the fusilier who wrote back from the trenches of the Somme, "if hell is any worse I would not like to go to it"; or the First World War air squadrons in which the men-

tion of casualties or enquiries about colleagues missing at meal-times were forbidden; or the hundreds of German youths whose names are inscribed on gravestones in Bergfriedhof, Heidelberg, "the gazetteer of Nazi advance, retirement and collapse."

But when it comes to the COLLISION OF EMPIRES: BRITAIN IN THREE WORLD WARS 1793-1945  
by A.D. Harvey  
Hambledon Press £45, 784 pages

"big question", one looks in vain for an answer. There is no systematic comparison of the three wars, even by way of conclusion. Indeed, it is not clear why the war against revolutionary and Napoleonic France is included at all. A three-page introduction says it is on the grounds that "in a sense, at least as regards Britain, it belongs to the era of 20th-century warfare", while "the assumptions behind the decision for war in 1914 and 1939 will be more clearly understood if the earlier war is taken into account."

In a sense, yes; in many others, no. As for the assumptions, the evolution of post-unification Germany, the Irish question, and the exigencies of late-Victorian and Edwardian imperialism would add more clarity to the decision for war in 1914 than pages on George III as a national symbol, or paper troubles in circulation in the 1790s. For a book ostensibly about empire, there is remarkably little about empire, either at the theoretical level or by way of description of the imperial dimensions to the three conflicts under examination.

Much of the book is not even loosely related to the theme of Britain in three world wars. Calling them "parallel cases" and suggesting that they might give us a "clearer idea" of British motivation does little to make relevant lengthy sections on why Turkey, Italy, Greece, Portugal and the US did or did not declare war in 1914. Ditto the fascinating discussion of the varieties of fascism, and of "isolated ideologues" of similar ilk in Belgium and France. "Aspects of the three wars which tickle the author's fancy" would be a more apt sub-title.

## AUTHORS DO YOU HAVE A BOOK TO PUBLISH?

All subjects considered for co-partnership publication.

A complete professional service from MS to bookshop shelf.

Write (without obligation) to:  
JANUS PUBLISHING COMPANY  
Dept. 91  
DUKE HOUSE,  
37 DUKE STREET  
LONDON W1M 5DF

## AUTHORS

The publisher rejecting 'The Spy That Came In From The Cold' said, 'Le Carré has no future.' Fleming was told that 'James Bond will never sell!' Orwell's 'Animal Farm' was rejected as 'Animal stories do not sell in the USA.'

DON'T LET THIS HAPPEN TO YOU. CONTACT: The Adelphi Press (Dept A46) 4-6 Effie Road London SW6 1TD



## BOOKS/ARTS

## Fiction

## Mysterious Lilli

**S**INGLE people often have a surrogate family, the sort now called nuclear, good listeners over the washing up, reassuringly domestic. "Fish Pie", the second chapter of Gabriel Josipovici's *In A Hotel Garden*, consists almost entirely of dialogue over a family supper, with interruptions from the sharp-eared son. Even the adult talk is elliptically plain although, like ordinary chat well recorded, it suggests what may or may not be, what happened or did not or might have done.

Ben has been on holiday in the Dolomites and, back in London, is telling his friends Fran and Rick about it: well, something about it. Earlier, walking the dog, he has told Rick how his girlfriend Sand left him straight after the holiday and, with relief, he disposed of the debris in black plastic bags. Narrative then tells more of what happened on the holiday, a meeting with Lilli, a Jewish woman on her way home from Siena, where she was looking for her grandmother's past; a great mountain walk with her; Lilli's stay in Siena, reliving a family farewell made final by the Holocaust.

Of all this, Lilli's Jewishness is particularly, Ben understands little, though he feels much and guesses something. Lilli's experience of the hotel garden in Siena, and Lilli herself, remain mysterious to him, glowing with some inner importance, some experience of ineffable pain, some perhaps misunderstood metaphor. This extraordinary book can be read in an hour, but it glows on in the senses like the rock on the postcard Ben sends his friends that, touched by the setting sun, glows in the darkness.

Almost without descriptions except of landscape in the mountain walk, it offers a kind of otherness in which each question leads to another, each door opens, like the hotel door onto the garden, onto other lives, memories and cultures, asking complex, endlessly circular questions.

Roger Scruton's *Xanthippic Dialogues*, a riotous send-up of scholarly writing, can be read in two ways. You can read the

**IN A HOTEL GARDEN**  
by Gabriel Josipovici  
Carcanet £12.95, 148 pages

**XANTHIPPIC DIALOGUES**  
by Roger Scruton  
Sinclair-Stevenson £15.99, 277 pages

**THE PSYCHOLOGICAL MOMENT**  
by Robert McCrum  
Secker & Warburg £14.99, 225 pages

footnotes, which are numerous and often long. Ignoring the text but ending with the index, which of course will take you back to it. This index is said to be compiled by one of Flann O'Brien's creations, H.P. de Selby, and needs cryptographic talents, since most of its names do not appear in the text, only echoes of them, internal quotations, hints and ideas.

Or you can read the text, supposedly discovered in modern times, under odd circumstances. Socrates' wife Xanthippe, Plato's mother Perictione, his sister Potone and his nurse Castolux, Praxiteles' model Phryna and assorted ancient Greek ladies are assembled to rethink and

humanise our philosophical past and put the record straight. Each is a vivid character, Xanthippe vividest of all: not a shrew or a hasty as history remembers her, but a sympathetic, sharp-witted, clear-eyed companion to the less than heroic curmudgeon she calls Socrates.

If philosophy seems an unlikely subject for comedy, try this.

Robert McCrum's *The Psychological Moment* suffers by comparison with two such companions, having neither numinous qualities like the first nor scholarly fun like the second. Of course plain realism may produce as good a result, but in this case it seems inadequate for its subjects – betrayal, grief and guilt. It is an unmarked thriller about dirty tricks in Northern Ireland and, because the narrator went to live in America when he was nine and grew up to become one of Jimmy Carter's speechwriters, it is written in American English.

Dense and often confusing in its action it has Sam Gilchrist, born Seymour le Fevre, writing an account of things that happened years earlier, a task of filial impiety made possible by his father's death. For the first chapters, when it is impossible to know what weight to give people and events, things remain uninteresting – near names, places and historical signposts: not mysterious, simply a jumble of fictional facts. But later they pick up character, the pace quickens and its Anglo-American view of English life throws new light on familiar places. It may be faint praise, since it clearly aspires to more, to call it a good read; but so it is.

Isabel Quigly

## Rape – or murder

**I**N A hotel room in San Francisco, America's most famous modern novelist lies dead. Next to him, still clutching the gun that killed him, a beautiful woman struggles to rearrange her clothing. She is a nationally known TV journalist and she has just fended off a rape attack, the kind of attack associated with the likes of Mike Tyson or William Kennedy Smith. She has been forced to kill to protect her honour – or so she claims, and who is going to argue with her?

Yet there is no evidence of sexual arousal in the victim and the scratches on the woman appear to have been self-inflicted. She certainly could not have fired the gun the way she explained it to the police. Was she really attacked or is she only faking? And if she is faking, why?

Step forward Californian lawyer Christopher Paget, world renowned as the man who uncovered a Watergate-style scandal a few years back, and forced the resignation of America's President. Paget is the man to defend the woman on a murder charge, if anyone is. He knows her very well, after all. They enjoyed a brief fling 15 years ago and have a son to prove it.

But is the mother of his child really to blame for the killing, and if so, how much to blame? The degree of guilt is impossible to judge in a case like this. It is a subject that has been

**DEGREE OF GUILT**  
by Richard North Patterson  
Hutchinson £14.99, 348 pages

**HANDS ON**  
by Andrew Rosenheim  
Mandarin £13.99, 282 pages

**THE LAST STATION**  
by Jay Parini  
HarperCollins £14.99, 290 pages

**DISAPPEARANCE**  
by David Dabydeen  
Secker & Warburg £7.99, 180 pages

extensively aired in real life recently and the author makes no secret of his debt to the Kennedy Smith trial and the Anita Hill-Clarence Thomas sexual harassment case. He tells a good story, though without the dramatic flair of a Scott Turow. But it should make a splendidly slick movie in due course.

The victim in *Degree of Guilt* was America's most famous living novelist. In *Hands On*, a second novel by Andrew Rosenheim, the victim is America's most famous living poet, a four-times married old reprobate who is the father of computer whiz kid Robert Madison. Robert has abandoned a professorship at Harvard for a job at Oxford, where he is the Artificial Intelligence guru for an electronics com-

pany, charged specifically with the task of teaching a computer to write.

The author is obviously talking from the heart because he himself came to Oxford as a Rhodes scholar and stayed to become Director of Electronic Publishing at OUP. He is as well placed as anyone to make a computer write, one day. Meantime he is indulging in a little wish fulfilment with a hacky comic tale of computer programming and corporate life in the electronics world.

It is an engaging piece of work. Madison eventually persuades the computer to write poetry indistinguishable from his father's, thus revenging himself for the old boy's bad behaviour during his childhood. One could name a few novelists in the same spirit, whose stuff has clearly been written by computers for years.

Happily, Jay Parini would not be among them. His historical novel *The Last Station* won a small prize in America a couple of years ago and deserves to succeed here as well. It tells the story in six different voices of Leo Tolstoy's last days, as seen by the various factions warring round him – his wife, daughter, doctor, secretary, chief disciple and hanger-on – and last, but not least, as seen by Tolstoy himself.

Parini has used historical records whenever possible, but where there are holes in the narrative he has cheerfully plugged the gap himself. The result is a very plausible study of Tolstoy's terminal decline, beginning with unhappy days at Yasnya Polyana and continuing via his sudden departure from home to his last illness and death at Astapovo station, surrounded by more than a hundred journalists from around the world. The story is perfectly well known, but Parini manages to bring it alive again, as if the reader is there, rather than simply reading about it, which is a much harder trick than it looks.

David Dabydeen's *Disappearance* is an allegory of England in decay, as seen through the eyes of a young Guyanese working on an engineering project near Hastings. The Guyanese's job is to shore up a cliff and so prevent a village from crumbling into the sea. He makes friends with his landlady and learns much from her about the failings and inadequacies of his adopted land.

It is all so very different from the mother country he had admired from afar, as a youngster in the Caribbean. Even the sea wall is suspect, after he has completed it. The author's message is uncompromising, but he writes well, even lyrically. Guyanese himself, he has chosen to make his own home in England, so perhaps the country is not quite as hopeless as he depicts it here.

Nicholas Best

**I**T BEGINS with a dust-storm on the horizon; swells to a giant twister; then howls through the land turning homes to matchsticks and humans to tumbleweed. It is turbulent and merciless; it is as regular as Christmas.

The violence-on-the-screen debate, in case you have been on another planet, is back again. In the cinema, fate or chance or Hollywood have appointed 1993 the Year of the Shocker. Films like *Reservoir Dogs*, *Man Bites Dog*, *Hellraiser 3* and next week's *Candyman* – the last two films courtesy of our own Clive Barker – ensure a high blood quotient in the cinema. *Henry, Portrait Of A Serial Killer* has reopened debate in the video arena. And TV we know about from our own PM, though his idea of an average evening's viewing seems to differ from that of others.

All this plus a new book, *Hollywood as America* by Michael Medved (HarperCollins, £17.99), presenting in print the case for family values and the Moral Right: 370 pages of anger and sorrow on every supposed exemplar of movie mayhem, from A. Schwarzenegger to B. DePalma via M. Cuklin. (The star of *Home Alone* gets a knuckle-rap for the way he treats burglars.)

This row about rough stuff in the movies – let me leave the small screen to other specialists – returns every decade and brings out the worst and best in everyone. Twenty years ago it was *A Clockwork Orange* and *Straw Dogs*; ten years ago it was the video nasties. Now it is "Should we or should we not encourage films about serial killers and snuff film-makers?" These two are the flavour of the season. And the season began last year with the big-screen release of films like *Henry, GoodFellas* and *Basic Instinct*, plus the startling Oscar-sweep of *The Silence Of The Lambs*.

This year's New Violence builds on those examples, especially on *Lambs* and *Henry*. The first offered a documentation of the physical/surgical realities of a supposed serial killing case, plus a consultant psychopath (Anthony Hopkins's Hannibal Lecter) who mesmerised the world with his mixture of beast and boffin. The second aired the hitherto all-but-taboo topic of snuff movies and DIY voyeurism in the video age.

Linking the two films, and their 1993 offspring, is the notion of murder not for gain but for sport, spectacle or (in Lecter's case) sardonic pseudoscience. *Man Bites Dog* has a "snuff" who records his own brutal killings on video-camera. *Candyman* has a serial psychotic who wields a hook. And the scene in Quentin Tarantino's *Reservoir Dogs* which had hardened critics and fellow film-makers gasping in shock or even exiting the cinema featured a crook torturing a cop with a razor.

What made this scene unnerving was not any physical explicitness: indeed the camera cut away at moment of impact between sharp instrument and about-to-be-severed ear. It was the fact that the torturer admitted to having no information he wanted to extract. He merely enjoyed torturing.

Each new movie-making age finds a new stratum of evil to explore, and each new movie-going age must decide if it was on stage or in a hall or a marketplace. If the second, the usual two-word charge sheet reads "gratuitous violence". But what marks out today's cinema of cruelty is that the phrase has lost pejorative point in an age when films featuring brutal or sadistic events are about the excitement that characters obtain from that seemingly motiveless cruelty. The phrase "gratuitous violence" moves from a description of the



The face of screen violence: Pinhead, the 'pope of Hell' in 'Hellraiser III - Hell on Earth'

Screen/Nigel Andrews

## More rows about the rough stuff

film's sensibility to a definition of its subject.

Years of censorship tradition and media moralising have decreed that murder, torture or beating are justified as a dramatic spectacle if there is a sound dramatic reason or motive. It can be for *crime passionnel* or revenge; it can happen in the hurry-hurry of a crime or robbery; it can be the cathartic rough justice meted out in last reel by hero to villain.

What it cannot be is violence for fun. Hence the seminal brouhaha, two decades ago, over Kubrick's *A Clockwork Orange*. This featured a gang of London berver boys who beat up whom they chose and how they chose, waited from one attack-ground to another on a tide of sadistic impulse. When a series of "copycat" crimes followed the film's release in Britain, Kubrick withdrew it and has not allowed it to be shown in UK cinemas again.

It remains a moot point whether a film like *A Clockwork Orange* actually creates violence or gives a new style and direction to those already waiting to commit it. Those who rush to the censorship prescription disregard this point along with many others. To author Michael Medved's credit in *Hollywood vs. America*, he condemns the folly of official intervention. But like

many denouncers of screen violence who also denounce statutory censorship, he is censoriously devoted to the notion that a broader type of copycatting exists: whereby impressionable filmgoers catch the "general" habit of violence from a film even if they do not mimic the specific deeds depicted.

The evidence – and Medved cites yards of it – still fails to prove that this broader form of imitation exists. It seems at least arguable that movies take their cue from life as much as, if not more than, life does from movies; and that the eruption in the early 1990s of films about violence for violence's sake is a response to a world where, long before the 1990s, the chronicling of cases involving crimes-for-kicks or obscurely motivated brutalities has occupied many a Western newspaper page.

What disturbs us about films concerning violence-for-pleasure – those in which gratuitous violence moves from style to subject – is the seeming motivational void around the crimes or outrages and the viewer's inability to get a moral handhold on the subject.

There is no easy catharsis in films like *Reservoir Dogs* or *Man Bites Dog*, as in the make-my-day violence dispensed by hero to villain in films from *Dirty Harry* to *Under Siege*. There is no

supernatural get-out clause, as in a horror film where everything can be blamed on the Devil or the Beyond. Above all, there is no ready moral which we can extract after the film which might make up for our bewilderment during it as we search for motive/reason/explanation.

No ready moral except one. The box-office revenue proving that we the public are drawn to films like these, by the tens of millions, suggests in turn that violence-for-thrills is not really an arcana at all. We all recognise, even when we most cry innocence or ignorance, the attraction and excitement of "gratuitous" violence. And we all respond, licensed by the fantasy that we are watching fiction – to the queasy truth that lucid intelligence can co-exist with human bestiality (Hannibal Lecter).

We also live in a world besieged day by day by the evidence of "motivated" crime or cruelty for kicks. Do the movies shape monsters or do monsters shape the movies? If the next frontier in the Cinema of Violence is the film where violence is its own reward and excitement, human beings might turn the light of enquiry onto themselves before shining it censoriously on a genre they pretend to condemn as alien when it may be a part, however small, of each of us.

Off the Wall/Antony Thornecroft  
Question of attribution

**H**AVE THE sackings in the London auction salerooms, which have claimed some well respected experts, combined with intense pressure on specialist departments to hit profit targets, had a debilitating effect on the veracity of the auction rooms' catalogues?

In the current recession fewer good items are being put up for auction, but dealers complain that not only has there been a substantial falling off in quality in recent months, but also in the accuracy of the catalogue descriptions. In pictures, the main complaint is that the actual canvas can bear little relation to its glossy photograph in the catalogue: anyone foolish enough to bid without viewing the lot could be disappointed with their purchase. But generally, catalogue entries on paintings, especially expensive paintings, are almost overburdened with information.

The problem lies in sectors where time causes wear and tear to antique and the restorer has been active – notably ceramics and furniture. One recent sale in particular, of furniture at Sotheby's in February, has caused a great deal of concern among dealers, many of whom felt that some lots were not all that they were made out to be.

Dealers are in an invidious position. They are both the great rivals of the salerooms and also their best customers. Many of the doubtful lots will at some time have passed through the hands of dealers and carry their attributions. Dealers also make their biggest profits when their expertise enables them to snap up poorly catalogued treasures. But they also worry that if a private collector buys a wrongly attributed antique the whole business suffers in the long run.

Furniture dealers are never likely to agree with all the catalogue entries but in this auction the criticisms were vociferous. "Surely those 18th century wall lights are modern?" "That Queen Anne arm-

chair has new legs. They are described as 'good' but if they are they justify an estimate of £10,000, not £5,000." "Those 18th century armchairs have modern needlework." "These 18th century pier glasses have 20th century carving".

One particular lot caused a great deal of concern. A pair of parcel gilt window seats, which sold for £30,000, was reckoned to be modern. And so it went on. Sotheby's disputes the fact that it is cutting any corners. Furniture expert Charles Walford had re-examined the above mentioned pieces when making condition reports and "saw no reason to doubt them whatsoever".

Many of these opinions might be debatable but there was enough consensus for the dealers to be taken seriously. They do not blame the cataloguers. They attribute any solecisms to the extra workload caused by the staff cuts at the auction houses, and the pressure to make every item seem attractive, an impossible task when only the most desperate owners will dispose of decent objects in the current depressed market. One prominent dealer described a catalogue as "just a load of lot numbers".

Now that the salerooms frequently sell direct to the private collector they must make sure that, in difficult times, they do not sacrifice accuracy in the pressure to achieve turnover targets.

**ST. JOSEPH'S HOSPICE**  
MARE ST. LONDON E8 4SA  
(Charity Ref. No. 231523)  
"God's nobility" was how our foundress described the dying poor of long ago. The poverty has declined but the sick and the suffering are with us always. So is your inspiring support in these anxious times. May God reward you for your vital gifts.  
Slater Superior.

**SERGEI CHEPIK**  
"The Russian Dream"  
★ NOW ON VIEW ★  
**Roy Miles Gallery**  
29 Bruton Street, W1  
Monday - Saturday 9-6pm

## COIN AND MEDAL AUCTION

WEDNESDAY 31ST MARCH 1993  
in the Picture Gallery, Spink & Son Ltd.

- Classical Greek coins
- English hammered and milled gold and silver
- English trade tokens and South African tokens
- Rare English provincial banknotes
- Inflationary currency and printers' archive material
- The Mitchell Collection of historical medals, British campaign medals and long service medals.

Catalogue available, £5

**SPINK**  
SPINK & SON LTD, 5, 6 & 7 KING STREET, ST JAMES, LONDON SW1Y 6QS.  
TEL: 071-930 7888. FAX: 071-439 4853. TELETYPE: 916711

THE FT GUIDE TO  
GOLFING HOLIDAYS WORLDWIDE  
20 MARCH 1993

Over 31% of FT readers play golf, higher coverage than any other quality daily.\*

To advertise call:  
Scott Caisley: 071 407 5751  
Karen Bidmead: 071 407 5632  
Teresa Keane: 071 407 5755  
John Argyrides: 071 407 5753

\*ASTUT 1991

## Katereya, d.o.b. unknown

Katereya is an adorable baby who lives in our orphanage in Thailand. Her mother left Katereya as a baby with people she didn't even know and disappeared after giving them a false address. The family looking after Katereya then brought her to the orphanage. But with no birth certificate or release papers, Katereya cannot be adopted so the orphanage will be her only home till she grows up. Our Individual Child Sponsorship Scheme means so much to all the hundreds of little ones like Katereya.

For more information about our orphanage and how you can help, please contact us. We are a registered charity and all donations are tax deductible. Please contact us for more information.  
Sister Superior.  
Tel: 071-930 7888. Fax: 071-439 4853. Teletype: 916711



## ARTS

**W**HEN Claudio Abbado hosted a dinner for the Berlin Philharmonic Orchestra during last month's Italian tour, he told the musicians he did not want to be called *maestro*. "I'm Claudio - for everyone", he said. Returning to Berlin, orchestra and conductor plunged into rehearsals for a concert cycle inspired by the late 18th century German poet Friedrich Hölderlin - featuring composers as diverse as Ligeti, Rihm and Reger.

No two events better symbolise the changes in Europe's leading concert orchestra since the death of Herbert von Karajan in 1989. No-one would have dreamed of addressing Karajan by his first name, nor would he have championed the 20th century programmes that dominate the orchestra's 1992-3 season, the first to bear Abbado's stamp as artistic director.

There was bound to be a reaction to Karajan's 35-year reign, but few can have imagined it would be so fast and sweeping. In the vacuum after Karajan's death, the musicians seized the chance to move out of his shadow and modernise their image. Abbado was the conductor best equipped to share responsibility for the changes.

Where Karajan was authoritarian, Abbado is mild and approachable. Conflicts which marred relations between chief conductor and orchestra in the 1980s are unlikely to be repeated. The musicians now have more control over their working conditions, personnel and recordings than any other contract orchestra. There are no longer dependent on Karajan's behind-the-scenes deal-making: the orchestra goes where and with whom it wants - in May to London with Bernard Haitink, followed by Israel and the US with Abbado. The emphasis now is more on the music than the man in charge.

But Abbado is no door-mat: he has set out his artistic agenda and won the orchestra's loyalty by virtue of his musicianship and imagination. Despite warnings from the prophets of doom, expensive projects like last year's concert performances of *Il Trovatore* and this month's Hölderlin cycle have been an artistic and box-office success.

Abbado's repertoire and skills have nonetheless proved double-edged. Widely respected for his Mahler and Brahms performances, he has yet to prove himself in other core areas of the orchestra's Austro-German tradition. His Mozart, Beethoven, Bruckner and Strauss lack the authenticity he brings to Berg, Musorgsky and Verdi.

Nor is he a sound-merchant in the Karajan mould. The orchestra's distinctive *Klang* has lightened up, becoming more slender and digestible, less luxurious. The increase in 20th century repertoire may be partly responsible. The orchestra has also started engaging conductors with a distinctly un-Karajanous concept of sound, like Nikolaus Harnoncourt and Pierre Boulez. Another contributory factor is the turnover of personnel since the late 1980s -



Claudio Abbado in rehearsal with the Berlin Philharmonic: the orchestra is now younger and so is its repertoire

## Berlin after Karajan

Andrew Clark finds Claudio Abbado revitalising the orchestra

The orchestra is noticeably younger, more international.

But the brighter, more energetic sound also reflects Abbado's technique and personality. He is less of a perfectionist than Karajan, less disciplinarian. Where Karajan kneaded the sound in circular motions, gathering it and controlling it in a tactile manner, Abbado is more spontaneous in performance - the arms flung open, the overall effect more explosive. The orchestra sounds less like a machine, the music less awesome and remote.

Unlike its chief rival, the Vienna Philharmonic, which guards its tradition without recourse to a chief conductor, the Berlin Philharmonic has invested heavily in change. Under Abbado, it is becoming a less exclusive, more versatile and forward-looking instrument. In the competitive musical world of the 1990s, the two are counting on each other to make it work.

The Berlin Philharmonic's Hölderlin cycle opened with three sold-out Abbado concerts contrasting Hölderlin settings by contemporary and Romantic composers. Abbado also took part as conductor and pianist in a chamber music programme of Nono, Maderna, Kurtág and Holliger.

The choice of theme reflects Abbado's knowledge of and identification with German culture, as well as his familiarity with post-war Italian composers who have been attracted to Hölderlin's world. Hölderlin (1770-1843) is a poet whose verse expresses a longing for the spirit of the classical era and a belief in nature and beauty as healing forces. Mentally ill for the last 37 years of his life, he continued writing in fragments.

Hölderlin's musical appeal lies in the melody and rhythm of his verse, as well as the purity of his German. The challenge facing the composer is to preserve and, if possible, enhance this appeal. Giacomo Manzoni's *Hölderlin fragment* for chorus and orchestra came over unmistakably as a post-1960s product - a complex web of aleatory effects and choral echoes, requiring the musicians to scrape and stamp their feet, and ending appropriately with the poet's words "Fardon! I do not make myself well enough understood".

By contrast, Wolfgang Rihm's waltz-like *Hölderlin-Fragmente* for baritone and orchestra captures the mood of innocent isolation in the text, using simple brush strokes for each word (clearly enunciated by Johannes Krieger), Ligeti's *Drei Phantasien* for unaccompanied chorus shows a similarly

keen and detailed response, avoiding the self-conscious vocal effects of Heinz Holliger's *Die Jahreszeiten* or the anemic quality of the Hölderlin extract from Nono's *Prometeo*. Only Richard Strauss, in his *Drei Hymnen* (sung by Karla Mattila with Elysian beauty of tone), rode roughshod over his material, clothing it in the same majestic-heroic flourishes he applied to everything else.

Thanks to its vivid contrasts and Abbado's inspired direction, the main programme had a powerful cumulative impact, ending with the nostalgic glow of Reger's *An die Hoffnung* and the heavenly harmony of Brahms' *Schicksalslied*. The chamber music concert, less convincing in overall effect, included a soporific 45-minute recitation from *Hyperion*, which I would have gladly sacrificed for a chance to hear Britten's Hölderlin settings. The Leipzig Radio Chorus, directed by Gert Frischmuth, made an outstanding contribution to both events.

Claudio Abbado conducts the Royal Opera's new production of *Pelléas et Mélisande* at Covent Garden, first night March 24. The Berlin Philharmonic gives its annual Europa concert on May 1 at the Royal Albert Hall, conducted by Bernard Haitink.

## Poetry in Performance/Michael Glover

# Russian soul bared

"WE ARE AGAINST the McDonaldisation of life! We are against the international conspiracy of vulgarity against human subtleties" thundered the Thunderer himself Yevgeny Yevtushenko, poet of all the Russias, who flew into London this week for an unexpected two-date tour which began in the cramped surroundings of Waterstone's, Charing Cross Road.

There is no-one else quite like Yevtushenko in the world of poetry. His demeanour is that of a man accustomed to being fitted the world over - the Hollywood-like aura of his personality, the extravagance of his charm, the peacockish nature of his dress, which included a tremendous woollen scarf as red as the Red Flag itself (though made by Burberry), the dramatic exuberance of his verbal delivery.

Yevtushenko is the populist demagogue of poetry, a filler of football stadia in his native land; the poet whose books move off the shelves faster than bread. All his life he played a dangerous, venture game with the Soviet authorities, sniping at the heels of the tsars of communism. He never emigrated; he preferred to fight the system from within and, like Neruda in Chile, he became an *Urbach*: too popular to be made away with, the licensed token of liberalisation who was rewarded with his dachas and permissions to travel when and wherever. But was he puppet or puppeteer?

Now in his sixtieth year, he seems as irrepressible as ever, ranting and charming by turns; punching his fist into the air, kissing the hand of his English publisher, the very personification of the virtues and style of Old Mother Russia, whose travails he continues to lament in his poetry. The fact is, of course, that the two are indistinguishable. And no, it is not mere vanity when he says, as he did this week, "For me, the most important thing is to express myself. My main fear is the experience of this life could just be gone - dissolved in the abyss of oblivion". The fact is that he must survive in order to speak for Russia's soul. Russia needs him. But he has learned a thing or two by surviving so long. "Yes, I am praying," he told us, "I'm working for the future of Russia - but all prophets are false. I was an MP for three and a half years, then I happily left this field. In the beginning politicians are innocent liars - they are forced to lie by us. I am a poet, not a politician."

Some of the audience thought that delightful piece of wordplay too fine a distinction - but when he went on to read "Between the City of Yes and the City of No" in the original Russian, dancing and prancing on his toes, crossing his arms like a pair of flourished sabres, writhing his body like a snake, and turning up the volume of his voice to an almighty growl, it was quickly quenched. India is the second-largest publisher of English-language

books in the world, but its literature remains largely unknown in the west. To lighten our darkness somewhat, the Arts Council is currently touring a quartet of Indian writers, which include the poets Nissim Ezekiel and Meena Alexander.

The elderly Nissim Ezekiel, a spry, fragile figure in shabby grey flannels and blue plimsolls, is a poet of quick, darting, sardonic humour, who enjoys working in many different forms and, being a successful playwright too, projecting different personalities through his poems. One of a sequence of "very Indian" poems in Indian English, entitled "Soap", dramatised an argument between a customer who had bought a defective bar of soap and a bristly, pugnacious shopkeeper. As Ezekiel explained to us, he is a poet who roams the streets of Bombay listening out for those quirky turns of phrase and strange dislocations of language that give it spice and humour.

Meena Alexander, on the other hand, a poet who now lives in Manhattan and spent much of her early life shuttling between the Sudan and Kerala, was a more troubling figure, altogether. Her poems often concern themselves with terrible acts of violence - racist incidents, murder, rape, beatings - but they were delivered to the accompaniment of such winning gestures, and with such a high gloss of charm, that we quite forgot ourselves in them.

## Concert/Max Loppert

# Harvey's Passion

**I**T HAS taken 12 years for *Passion and Resurrection*, Jonathan Harvey's 1981 "church opera" for Winchester Cathedral, to make the journey to London. At Westminster Abbey, on Thursday, it left a remarkable impression - a 90-minute work of controlled mastery, economical in its forces (15 singers taking 18 parts, small orchestra), sure in their employment, and hypocritically powerful in overall effect - and so the delay seemed equally remarkable. Plainly, *Passion and Resurrection* ought by now to have won for itself a regularity of performance comparable at least to that of the Britten Church Parables, of which it is a distant relative.

Harvey's aim was to make his drama - 12 scenes showing the final episodes of Christ's life, followed by his death and resurrection - flower out of church service in the manner of the medieval church drama. So the opera is enclosed within a liturgical event, and the audience is invited to join in the congregational singing of plainsong hymns and the concluding Alleluias and Amen. But, far from proving too limiting, too "localised" in scope, the blend of opera and liturgical ritual has been so precisely achieved that even to an outsider to Christian wor-

ship it affords a wholly gripping experience. The nice judgment of where exactly to place those hymns - at moments of climactic intensity in the unfolding of the narrative - is just one token of Harvey's distinctive, confidently sustained artistic vision. He has bound his scenes (most of them dialogues supported by spare accompaniment) by means of instrumental interludes which vary in style, vocal idiom and language according to the dictates of the dramatic moment - from modern résumés of church-musical forms in modal harmonies to agonised angular non-tonal outbursts.

Another token of the composer's skill, highly yet unassumingly theatrical, is his pacing and contrast of timbre - "a unique" harsh echoing awesomeness, the shiver and tremor of percussion, the balms of high harmonies painted by the strings around the recitative. With beautifully calculated and contained radiance the austerity of the male-voice-dominated ensemble is eventually relieved by the female-

voice incursions of the "Resurrection Garden", which builds to a concord of honestly attained grandeur.

The sum is a purposeful, compelling modern revival - from the inside, as it were - of an ancient artistic form. The text, extracted in modern-English translation (by Michael Wadsworth) from an Italian and a French medieval passion-play, was on Thursday unclearly delivered by too many of the participants. This apart, the performance was of very fine quality, played by Docklands Sinfonietta, sung by Michael George (Jesus), Paul Agnew (Pilate) and Juliet Schemmami (Mary Magdalene) at the head of a devoted cast, and conducted by Martin Neary.

As the latest offering of the Arts Council's Contemporary Music Network, this highly staged *Passion and Resurrection* proceeds over the next ten days to the cathedrals of Canterbury, Liverpool, Sheffield and Llandaff, and to St Mary's Church, Bath. It is well worth catching in any of those places.

## Radio/B.A. Young

# Concern for the young

**R**ADIO 1, with its usual concern for the young, gave *Rape is a Four-letter Word* on Monday (International Women's Day, celebrated only on Radio 2). Radio 1 followed a listen-to-me title with sensible advice from a judge, police officers, "agony aunts" of both male - and female-oriented journals and a psychologist. It is reckoned that only one rape in ten is reported; in three-quarters of those that are, the woman knows her partner. The expert presenter was Nicky Campbell, and he chaired a live discussion afterwards. "I was very drunk," one victim admitted. "I was only fifteen." More such programmes are clearly needed, with items like the helpline on 0800 850 800.

Chess N 965:  
1 d7 Rd4 2 Rxb5 Kxf7 (or Rd7 3 Rb5 + 4 Rb7 + 5 Rxf7 and d b5) 3 Rb8 Rxb5. After Rd7 4 Rb7 + the his pawn queens.

And indeed next day Radios 1 and 2 had a joint 90-minute phone-in, *Talking 'bout my Generation*, where the young and the adult voiced their respective concerns. What I heard was sadly full of old, rather Tory, thoughts. But next Monday Radio 1 begins its three-part *Consequences* about rape, pregnancy and parenthood.

In the circumstances, Saturday's *Body Politics*, Radio 3 no sex in the 1930s, had less than its potential interest. On Tuesday and Wednesday, *Out of the Shadows*, about the 1920s movies, was good in the reactions of European directors in the post-war explosion of the industry (led by the Americans); and Friday gave us two giants of the decade, Le Corbusier and T.S. Eliot.

Radio 3's Sunday play, Sarah Woods's *Silence in Blue* kept the sex offstage. Lisa, crossed in love and sad at an abortion, goes to Australia to recuperate, but decides instead to drown herself scuba-diving, when her unborn child flies up to the skies. A mixture of simple travel-information and interlur thought, this struck me as one of the silliest plays I ever heard.

On Monday, Radio 4 did better with *Nothing Happens in Carminecross*, adapted by Mike Gerrard from Benedict Kiely's novel. The title represents the New York thoughts of Mervyn, an Irish-American, but how wrong he is, for Carminecross is in Northern Ireland. Radio 4's top drama locale, Mervyn (an McElhinney) links up with Deborah (Kate Binchy), an old

flame followed about by her neglected consort Mandrake. After a look at Ireland, they attend a wedding party at a Carminecross hotel, a warning comes from the IRA, then a bomb that breaks up the party but reconciles Deb and Mandrake. This is reported in New York as a "distraction". Eoin O'Callaghan was the director.

Neil Kinnock was John Humphrys's victim in his courteous critical series *On the Ropes* (Radio 4, Monday). He was frank about what he confessed as errors and expressed no hope of being Party-leader again. Perhaps he should be in Radio 4's Friday series, *Famous for 15 Minutes*. *The Ghost of Thomas Kempe* is a great story by Penelope Lively read through the week by Willie Rushon - the first

Radio 5 youth-offering I have really liked, except the cricket. Kemp turns up in our own day as a poltergeist in the house where 10-year-old James lives, and tries to involve him in his activities, to everyone's alarm. Full of fun, and very well done.

On Sundays, the World Service series on South Asia has been covering religions, I caught this week's, on the Parsees and the Indian Jews. I learnt much about the Zoroastrian Parsees and their devotion to Ahura Mazda. Their numbers are dwindling, due to a housing scarcity, though the Hindus have always been on good terms, apart from their Towers of Silence for the dead, which will out do in multi-storey Bombay. The Jewish settlements are diminishing too - they tend to move westward to Israel.

## Crete - The Great Island with Gerald Cadogan 6th to 16th May 1993

The Financial Times offers readers a unique opportunity to explore Crete in May with our Archaeologist Gerald Cadogan, an expert on Crete. He has excavated there since 1960 and knows the Great Island (as the Cretans call it) thoroughly. This tour will give a complete view of the beautiful, mountainous island in the best month of the year, explore several rarely visited sites and, as far as possible, keep away from the mass tourism circuit.

Gerald Cadogan aims to introduce all the island's life and independent traditions, from the time when the Minoan palaces were the first civilisation in Europe to the late 20th century when Crete enjoys a prosperity not known since Roman times. Visiting Knossos with a specialist who has dug there is a rare chance the Financial Times is proud to offer.

The tour will include mountains and gorges, wild flowers (Crete has an extraordinarily high number of endemic species), monuments of all periods since 3000 BC and meals in tavernas where Cretans go. All this in the company of an expert who loves Crete, a country now ten millennia old but still very much alive.

Write or phone now for full details.

**Brief itinerary**  
Day 1 - Fly London to Athens via Athens with Olympic Airways. Transfer to Hotel Kydon for 4 nights.  
Day 2 - Tour to Kastelli, Phalaros and Polytechnia.  
Day 3 - Morning tour to Akrotiri, visiting the monasteries of Ayia Triada and Goumetou. On the return visit to Commemorative cemetery at Souda.  
Day 4 - Tour to Omalos and White Mountains.  
Day 5 - Travel to Iraklion via Rethymno where there is a visit to the museum. Stay at the Hotel Galaxy for 3 nights. Late afternoon visit to Knossos palace.  
Day 6 - Morning tour of the Iraklion Archaeological Museum. Return to Knossos to visit dig in progress.  
Day 7 - Tour to Gortyna, Phallos, Ayia Triada and Kommos.  
Day 8 - Drive to Malia. Boat trip from Ayios Nikolaos to Psira island. Rejoin bus at Mochlos, continuing on to Sitia where will stay for 2 nights.  
Day 9 - Tour in Zakro, Palaikastro and Tzoules monastery.  
Day 10 - Travel to Heraklion visiting Vasiliki, Gourni, Lato, and Kritia.  
Day 11 - Transfer to the airport. Fly from Iraklion to London, via Athens.  
Price: £1,235 per person. Single room supplement: £140.  
Readers from outside UK may join the holiday in either Athens or Crete.  
Price includes: Scheduled flights with Olympic Airways, Airport Taxes; Twin room accommodation in hotels; Entrance fees to archaeological sites; All transfers and excursions as detailed in the itinerary; Specialised archaeological sites.  
Price excludes: Travel Insurance; Items of a personal nature.  
This tour is organised on behalf of the Financial Times by Cox & Kings Travel Limited.  
Address supplied by readers in response to this advertisement will be retained by the Financial Times, which is registered under the Data Protection Act 1984.  
To: Nigel Pullman, The Financial Times,  
Number One Southwark Bridge, London SE1 9HL.  
Tel: 071 834 7472. Fax: 071 873 3078.

Please send me full details of Crete - The Great Island

Title..... Initials..... Surname.....

Address.....

Post Code..... Daytime Tel.....

**NEW PRODUCTION**

# Pelléas et Mélisande

DEBUSSY

TICKETS AVAILABLE  
24, 26, 29, 31 MARCH;  
5, 8 APRIL AT 7.30PM

ROYAL OPERA HOUSE

BOX OFFICE:  
071 240 0667/1911

The Official London Theatre Guide	
Supplied by The Society of West End Theatres	
<p><b>ADRIEL</b> Strand, Tel: 071 344 8877 Sunset Boulevard from July 1993 Take Charge of Your Fate Tel: 071 344 8877 Alfred Hitchcock's "The Birds" Tel: 071 344 8877 Hay Fever Tel: 071 344 8877 Take Home Tel: 071 344 8877</p> <p><b>ALWICK</b> Aldwych Tel: 071 344 8877 The Importance of Being Earnest Tel: 071 344 8877 Take Home Tel: 071 344 8877</p> <p><b>APRIL</b> Aldwych Tel: 071 344 8877 The Importance of Being Earnest Tel: 071 344 8877 Take Home Tel: 071 344 8877</p> <p><b>APRIL</b> Aldwych Tel: 071 344 8877 The Importance of Being Earnest Tel: 071 344 8877 Take Home Tel: 071 344 8877</p> <p><b>APRIL</b> Aldwych Tel: 071 344 8877 The Importance of Being Earnest Tel: 071 344 8877 Take Home Tel: 071 344 8877</p>	<p><b>PRINCE OF WALES</b> Coventry St, Tel: 071 344 8877 City of Angels from March 1993 Take Home Tel: 071 344 8877</p> <p><b>PRINCE OF WALES</b> Coventry St, Tel: 071 344 8877 City of Angels from March 1993 Take Home Tel: 071 344 8877</p> <p><b>PRINCE OF WALES</b> Coventry St, Tel: 071 344 8877 City of Angels from March 1993 Take Home Tel: 071 344 8877</p> <p><b>PRINCE OF WALES</b> Coventry St, Tel: 071 344 8877 City of Angels from March 1993 Take Home Tel: 071 344 8877</p> <p><b>PRINCE OF WALES</b> Coventry St, Tel: 071 344 8877 City of Angels from March 1993 Take Home Tel: 071 344 8877</p>



RECORDS

Mozart: Die Entführung aus dem Serail. 1. Monteverdi Choir, English Baroque Soloists/John Eliot Gardiner. DG Archiv 435 857-2 (two CDs), and 2. Academy of Ancient Instruments Orchestra and Chorus/Christopher Hogwood. L'Oiseau-Lyre 430 339-2 (two CDs)

Mozart: La finta giardiniera. Concentus Musicus Wien/Nikolaus Harnoncourt. Teldec 9031-72309-2 (three CDs)

**D**ID THE Emperor Joseph II really remark, after the premiere of *Die Entführung aus dem Serail*, "Too beautiful for our ears, my dear Mozart, and monstrous many notes?" The anecdote, often quoted, is probably apocryphal; but it contains an astute observation, which is perhaps the cause of its regular re-cycling. There is indeed a discernible imbalance at the opera's centre - between the slightness of its *Singspiel* genre and subject matter and the splendour, exuberance and sheer abundance of its musical substance.

Every bar overflows with marvels heightening the listener's delight and simultaneously putting at risk the spectator's sense of dramatic continuity. In every *Entführung* performance, whether in the theatre or on record, a basic problem of scale needs to be addressed at the outset - in oversimplified terms, the twin wings of the dilemma are fulfilment of the score's extravagant demands, on singers and instrumentalists alike, versus maintenance of the necessary lightness of dramatic touch.

Two of the most recent recordings solve the problem more surely than most performances of the opera I have heard. It can be no coincidence that, unlike all previous *Entführung* recordings, these employ "period" instrument orchestras: seldom have the merits of doing so - tonal mass solid but not oppressive, at-oneness with voices, keenness of colour - seemed so obvious (and, since the playing is expert on both recordings, the familiar feelings are entirely avoided). In both the dialogue is given in full (less on DG); so are the musical numbers (with, for instance, those hair-raising bars of far-flung decoration usually nipped out from Constantine's "Martem aller Arten") - yet not for a moment does the long opera drag or lag.

Hogwood's is the more intimate. He leaves the music to find its own shape and direction; he does not make it his business to underline every rhythmic accent or highlight every dynamic contrast. This works particularly well in the popular-song-type numbers such as the final



Conductor John Eliot Gardiner: his *Entführung* has a fizz and on-the-loose quality, while his Brahms requiem fields luxurious soloists

## Monstrous many notes!

Max Loppert on the merits of Mozart opera on period instruments

coudeville, an *andante* of the sort Gardiner tends to urge a degree too forcefully forward.

L'Oiseau-Lyre's leading singers are matched to the conductor's relaxed Mozart manner: the quiet-spoken, gentle-toned Lynne Dawson and the touchingly ardent Uwe Hellmann prove an untiringly sympathetic leading couple, but their ability to cope with the numerous technical challenges Mozart threw their way is relatively modest - the brilliance that he relished in his first Constanze, Caterina Cavalieri, is here considerably dimmed.

The DG is based on the semi-staged *Entführung* production that Gardiner toured around Europe two years ago. There is a fizz, an on-the-loose quality to the execution that amply compensates for the conductor's occasionally over-rigorous beat. Gardiner's vitality, issuing as it plainly does from the desire to tap as much as possible of the opera's peculiar musical energy, is a

fault on the right side. His Constanze, Luba Orgonasova, and Belmonte, Stanford Olsen, sing with ease, a quiet mastery of style, beautiful tone. They are true *Entführung* virtuosos, less affecting, in places, than their Oiseau-Lyre counterparts, but much more vocally assured.

DG's servant couple is preferable; neither Osmia, curiously, is quite up to standard; both Selma make a strong effect. I shall want to return occasionally to the old Becham recording, for the incomparable charm and gaiety of his conducting; I shall want to hear again such recorded *Entführung* singers of the past as Pataky, Dermota, Wunderlich, Gerhard Unger, Edda Moser and Gottlob Frick. But for now at least, these are the *Entführung* recordings of choice.

Similar points can be made about the Teldec *Finta giardiniera*, latest in Harnoncourt's recorded survey of all the Mozart operas. This work,

written seven years before *Die Entführung*, is even more difficult to keep in balance - an *opera buffa* which along the way disgorges two astonishingly grand, richly elaborated act-finales, a pastoral comedy for a septet of romantically entwined characters which becomes darkened by episodes of intrigue, jealousy and madness.

Again, the "period" orchestra is a source of new-minted pleasures and long-range dramatic possibilities unavailable on earlier *Finta giardiniera* sets; and an even longer Mozart opera is here also given in full, without making the listener long for the pruning scissors. Those expressive ties - self-consciously underlined orchestral articulation, extremes of tempo choice - that tend to divide the musical world into Harnoncourt admirers and Harnoncourt detractors are less in evidence here; the recording was taken "live" at a 1991 Vienna concert, but intrusive noises are few, atmospheric

spheric excitement plentiful.

Violante, the aristocrat disguised as the garden-maid Sandrina, is Edita Gruberova - pure and precisely focused, prodigious as ever in throwing off passages of ornate vocal tracery, but notably lacking in spunk and spirit (she seems to have adopted some of the moonier mannerisms of the middle-period Sutherland). Belfiore, whose jealousy has driven Violante into hiding, is Uwe Hellmann - more secure than in the L'Oiseau-Lyre *Entführung* and every bit as involving.

Other parts are less remarkably taken - from this generalisation I except Dawn Upshaw's sparky Serpette. It is the trim cut and thrust of the ensemble and the nimble movement through the opera's picturesque situations and mercurial humour that afford the set its distinctive character, and win it an enthusiastic recommendation.

## Top notch requiems

**T**WO recordings of the German Requiem of Brahms may come as a revelation to those with early memories of partly amateur performances - voices strained, strings scraped and wind squealed or burbled. The shock comes not only from first-rate singing and playing but from the use of period (1880) instruments - among the obvious gains are sparing use of string vibrato and hard drumsticks. The profound sighs of the opening of the new EMI set with the Schütz Choir of London and the London Classical Players under Roger Norrington (CDC 7 54658 2), will immediately show what I mean.

As well as clarity Norrington's reading has a plainness and restraint both unexpectedly moving and well matched to the religious side of Brahms's temperament. Baptised a Lutheran in Hamburg, he did not become an orthodox believer, but was a devoted student of the Bible. From the Bible he chose the text for the Requiem, less concerned with the peaceful repose of the dead than with consolation for the bereaved living. Norrington's reticence does not exclude high drama: the trumpet at the climax of the second movement (the slow march in three-four time), are terrifying. The more impenetrable thicket-like pages of the funeral sections are less daunting than usual.

Those who like a more generally dramatic approach and a warmer, more resonant acoustic may try the 1991 Philips version with John Eliot Gardiner conducting the Monteverdi Choir and the Orchestre Révolutionnaire et Romantique (432 140-2). In his booklet note Gardiner talks of laying bare the rock face of Brahms's texture. It turns out to have quite a few plants clinging to it, but many will think no worse of it for that. The two last movements in particular are impressively handled. For once the consoling final pages sound like a real ending and the arch form of the whole is perceptible.

Gardiner's soloists, Charlotte Margiono and Rodney Gilroy, are luxurious. The soprano's exquisite, ethereal notes remind me of an admired Bach singer of the inter-war years, Dorothy Silk. Norrington's Lynne Dawson and Olaf Bar, less luxurious, are equally convincing. Norrington's speeds are slightly faster. There is room on his disc for the Burial Song, op. 13, another

revealing glimpse of the North German side of Brahms.

For a complete contrast turn to Gounod's *Mors et Vita* (with Michel Plasson conducting the Orféon Donostiarra and the Toulouse Capitole Orchestra (EMI CDS 754459 2, 2 CDs). Gounod was a Catholic who came under the influence of the Dominican preacher Lacordaire and at one time contemplated entering the priesthood. For most of his career he was torn between the attractions of sacred and profane love - but more prosaically, between church and opera house.

*Mors et Vita*, a "sacred trilogy", was written for the Birmingham Festival of 1885 as a continuation of Gounod's *Redemption*, given there with huge success a few years ear-

**Ronald Crichton**  
reviews two Brahms  
requiems and Gounod's  
*'Mors et Vita'*

lier. *Mors et Vita* was dedicated to the Pope, Leo XIII, whose sermons Gounod had translated into French. The first and longest of the three parts is a Requiem, using the traditional Latin text. The style of the Trilogy is clearly designed for large, resonant buildings (town halls, the Albert Hall or Westminster Cathedral), where the echoes can prolong the sound of the slow-moving harmonies. Outwardly simple music, (eminently) accessible to large audiences.

Accessible, but not trivial or vulgar. There is an *ad cappella* double chorus (Gounod added Palestrina); elsewhere the smooth surface is ruffled by chromatic flourishes, and there are hints (quite sinister in this context) of the whole-tone scale. The large orchestra is discreetly used. Plasson's soloists are distinguished: Barbara Hendricks, John Aler and José van Dam spin their grateful lines with faultlessly even tone. The alto, Nadine Denize, blends easily in spite of greater vibrancy in her fine voice. The choir from San Sebastián offer a rich, firm body of sound but they make less of the Latin words than the English choirs do of Luther's German in Brahms. Plasson steers a skilful course between the twin dangers of hustle and inertia.

**T**HE BLUES is alright, sang Little Milton a little less than a decade ago. The faithful cheered, but in truth, the Blues seemed like a dying genre: young blacks had turned to funk and even the crowd of white worshippers at the holy grail thinned out as the likes of George Michael turned to the softer sounds of 1970's soul which they refashioned as the basis of emotive balladeering and dance music.

At the tiny Malaco label, Little Milton and fellow elderly blues survivors (among them the marvellous Bobby Bland, Z.Z. Hill and Johnnie Taylor) went through their traditional paces. *The Blues is Alright* (MCD 7449), a greatest hits of the label, confirms they were still legendary, but also that had lost their ability to inspire younger listeners. The blues it seemed was truly dead.

Then, seemingly from nowhere, came Robert Cray to refashion the blues and achieve significant mainstream commercial success along the way. 1988's *Who's Been Talking* (Charly CDCLM 101) captures him at his bluest and most confident, a strident stunner confessing his sins and glowing in temptation, knowing it will all end in pain. Then the trickle became a flood as he and behold legendary bluesman John Lee Hooker, who made his first recordings in 1948, entered the 1990s with a series of hit albums. In his wake Buddy Guy rekindled the flames of a dying career and also stormed the charts. The blues, it suddenly seemed was very much alive. And so the re-issues (and advertisements featuring blues men) gushed forth.

A good starting place for beginners is the budget offering *60 Great Blues Recordings* (Cascade CBXCD 3) which spans recordings from the Flair and Modern labels mostly from the 1950s. Apart from a few tracks by Hooker and B.B. King it includes mostly little known performers. As a result, it is a good working introduc-



Percy Mayfield: great poet of popular culture revived

## Long live the blues

tion to the blues as a genre. For more of the hits try Sequel's *The Blues Guitar Box 2* (NXTCD 185). Another triple CD package, it touches more bases, including a fair number of white blues men, but, possibly because its scope is larger, its impact is lesser. *All Night Long They Played The Blues* (Ace CDCHD440) is another irresistible compilation, of lesser lights, including Little Johnny Taylor, Saunders King, and the wonderful Charles Brown, that works as a whole simply because the songs and emotions tumble into each other seamlessly.

As the most successful blues man of the moment, naturally Hooker is the most re-issued. Hence the six-CD set *The Vee-Jay Years, 1955-1964* (Charly CDCHD Box 6) which includes virtually everything Hooker recorded during his ten years with Vee Jay. Undoubtedly, a work of scholarship, it fails to

capture Hooker. Instead it merely suggests the variety of work he was capable of without celebrating his laconic passion. For that you need *Graveyard Blues* (Ace CDCHD421) a collection of early recordings made for Specialty. Hooker's chanted lyrics and repetitive guitar work may seem simple at first listening, but their power remains unfinished after numerous plays, the mark of someone who has teased an uncontrolled passion from his music.

*Memory, Pain* (CDCHD438) is the title of Ace's second collection of Percy Mayfield's recordings, and appropriately bleak they are. His biggest hit was *Please Send Me Someone To Love* in 1950, but clearly he went unrequited. Heard through a throng, Mayfield sounds like a piano bar blues man, all tinkle and sad saxes waiting for Bogart to make an appearance. Banish the throng and you find one of the great poets of popular culture of the 1950s. Like James Dean or Jean Paul Belmondo in a *Bout De Souffle*, characters who strive for dignity and style but know they are not enough. Percy Mayfield knows that the dawn brings forth no new hope. In his world, lost love is the norm and suicide the major temptation, all held barely at an arm's distance by the caressing sound of the coolest blues style ever. Or as he puts it: it serves me right to suffer, it serves me right to be alone.

Phil Hardy

**I**N ITS NEW, expanded form, EMI holds the copyright to many recordings of distinguished composers conducting and/or playing their own works: from Lehar, Saint-Saëns, Medtner and Holst to Hindemith and Messiaen. Its "Composers in Person" series is going to represent more than 30 of them on CDs, with the original recordings carefully re-mastered. That should whet many appetites.

On these first releases, there is occasional hiss and crackle - and the odd passage where a regular, faulty switch is sdnibly carried over from ancient *Gram* discs. Only aficionados will really want some of these releases: the stamp of authenticity may sometimes be faint, the musical polish of some performances inferior to some modern ones, the CD programmes constrained by what this or that composer happened to put on record. That said, here are quick notes on these first entries in the series.

Richard Strauss (CDC 7 54610 2) - his conducting of the *pr-music*, mostly arranged by another hand, for a silent film version of *Der Rosenkavalier* in the mid-1920s (seen recently on TV) is illuminating

about pace and emphasis. In old age, Strauss used rightly to complain that his operas were being subjected to ever slower, more languishing tempi. His performance of *An Alpine Symphony* is almost a revelation: for once, none of its candidly pictorial vignettes is allowed to outlast its welcome.

The curse of fake-symphonic pretentiousness is lifted, and whatever exactly the "symphony" amounts to - it sounds thoroughly taking, original, even moving. I am not sure that any modern recording has captured its contrasted effects so vividly, or rather any modern conductor; Strauss knew not only precisely what he intended, but how to extract it from a sympathetic band like the Bayerische Staatskapelle. The Stravinsky double album (CDC 7 54607 2) must count only as a supplementary volume to the huge, all-but-complete *Sony* collection I reviewed here a while ago. As soloist in the *Capriccio*, the

composer sounds tame, careful, studio-bound where extrovert dash should be the order of the day.

Yet the album boasts notable attractions among its 1930s recordings. To the great Symphony of Psalms the Alexis Vlassov Choir, whose members must have been Russian expatriates, brought a passionate instinct for ecclesiastical chant that I have not heard equalled in a modern concert.

The Octet had a team of crack French wind-players led by the flautist Marcel Moyse, and their dry, nervy brilliance is still exciting. We also hear Stravinsky with his long-term concert partner, the splendid violinist Samuel Dushkin, in several of the transcriptions they devised together for their recitals.

Milland (CDC 7 54604 2): the jovial composer features brilliantly as conductor, with the benefit of characteristic orchestral playing in tones that could barely be imitated now. Those

sounds - lean, pungent, often shrill - were nonetheless what he wrote for, from the 1919 *Boeuf sur le toit* to the 1936 version of his *Suite Provençale*; and his own sense for treating a thin line between cramped popular pastiche and unbitten vulgarism was unerring. So it was too in his and Marcelle Meyer's account of the evergreen duo-piano *Scaramouche*, rumba-fine and all.

Shostakovich (CDC 7 54606 2) is split between his 1958 recordings as soloist in his two piano concerti, which now sound remarkably immediate, commanding models (good trumpet in no. 1), and some very uneven solo pieces. The early 3 Fantastic Dances sound dreadful, as if he were tired of bothering with them. The first four of the Preludes & Fugues are thoughtful, withdrawn, very much no concert-performances: better to hear Madame Nikolaeva in them. The curdled recording of no. 24, the last pair, is of uncertain prove-

nence, but Shostakovich's playing there is far more vital and communicative than in any of the others.

It should have been a good idea to pair Poulenc and Britten (CDC 7 54605 2) on a disc with their long-term tenor partners, but the choice of works makes them a queasy combination. Pierre Bernac (in his prime in 1946) addressed Poulenc's wide-ranging, deeply felt *Eluard cycle* *Le jour, telle nuit* with heart-seizing insights. He did no less for other songs to lighter, teasing verse by Apollinaire, Aragon and Louise de Vilmorin - always with the composer's inspired prompting from the piano.

After those, Britten's 7 Michelangelo Sonnets and his "Holy Sonnets of John Donne" for the voice of Peter Pears sound abstractly intense, intricate, crabbly by their fascination with *ostinato* patterns and other such. What seems to be the nub of the problem is exposed in the Michelangelo songs: how many Italians could ever recognise the tight, dry Pears/Britten settings as *Italian*, let alone as answering to Michelangelo's brave, unconstrained feeling?

## Breakaway rock

**R**OD Stewart may be making plans to tour with The Faces again, and minds are already bogging at the thought of John Cale and Lou Reed contemplating a reformed Velvet Underground, yet the most interesting albums of the last month have come from a newer generation of performers only too pleased to be breaking away from the bands that first brought them fame. The urge to shake off collective responsibilities and strike out on a solo career seems stronger than ever, the shell life of a successful hand correspondingly shorter.

Frank Black's sponymous debut album arrived at the same time as a press release confirming the break-up of The Pixies, the band in which Black (operating under the guise of his previous incarnation, Black Francis) was the moving, vaguely sinister spirit. What ever the reasons for the band's demise, it does not appear to have been a dispute over direction, for though Black has recruited a new band (including one half of The Mighty Beelzebubs and a former member of Captain Beefheart) the musical mix on *Frank Black* (4AD CAD3004) is recognisably of a piece with the sounds and sources that made The Pixies' four albums so distinctive and engaging. The original concept was

apparently to compile a collection of cover versions, but only the Beach Boys homage has survived. All the rest is new material from Black, in which he is able to give full rein to his pet obsessions, especially extra-terrestrials and UFOs, as well as throwing in a tribute to the Ramones and a brief nod towards John Denver. Just as often though the verbal meaning is hard to divine, and then the songs fall back on their exuberance to survive: the energy and the invention are unmistakable, naggingly insistent.

Throwing Muses was the creation of Kristin Hersh and her half sister Tanya Donnelly, but with Hersh's retreat into motherhood the band that threatened to corner the market in opaque lyrics seems to have gone terminally dormant. Left to her own devices Donnelly has assembled her own band, named it Belly, and after a couple of exploratory EPs last year now produced a first album, *Star* (4AD CAD3003), which turns out to be a remarkably assured and insidiously powerful collection.

Within musical packages that move easily between bright, clean pop and acoustic-based country and take in all

points between, Donnelly secretes lyrics of undisguised bleakness, deploying her little-girl-lost voice with unexpected resource and ambiguity.

No such problems with *Bohème Dancer* (China WOLCD 1081), the second solo album from Chuck Prophet, guitarist and a very good one too with the West Coast band Green on Red. While there is no hint yet of that refreshingly straightforward band going their separate ways, Prophet is clearly a confident and accomplished solo performer in a style that is basically country rock, even if the odd blues inflection is mixed in here and there. His singing voice may be closest to Tom Petty, and he can manage a passable Dylan whine, but the material stands up well in its own right, and is always graced by Prophet's own elegant guitar playing.

For some of course, there's no need to look back or hanker after a return to former glories. There must now be a whole new generation of Sting fans who have no idea who Police were or how their hero first achieved his present eminence. And just as Sting's very genuine talent threatened to disappear under the self-inflicted weight allusion and pretension

he has produced a new album, *Ten Summoner's Tales* (A & M 540 015-2), which represents a decisive return to his top form. The references to Chaucer and to his own surname (Sumner) in the title can be dismissed as untroubling conceits; the 12

songs here (ten "tales", together with prologue and epilogue) explore familiar Sting territory, even though South America seems off limits this time. But there is a new directness and simplicity in the songwriting and the arrangements; besides which he is, whatever anyone says, a remarkably fine singer.

Andrew Clements

## All Simon, no rattle.

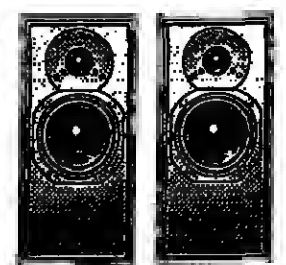
Loudspeakers are the weakest link in a hi-fi system. Because they are mechanical and not electronic, they have more distortion. The only certain way to minimise this is to invest in the best.

ATC are the most highly specified, highly priced speakers in the world.

They are dedicated to producing incomparable sound - with nothing added, nothing taken away.

In fact, ATC have about as much in common with most other speakers as a CD with an old LP.

(Buy a pair for Simon.) For price and details, call Ashley James on 0285 760561 (fax 0285 760693).



ATC Loudspeaker Technology Limited, Osney Mead, Oxford OX2 0EL, Gloucestershire, GL5 3HR.

**MUSIC ESTABLISHED LTD**  
MAKING SOUND COMMON SENSE

We are an exclusive mail order company offering a specialist service:

- Probably the most comprehensive new release lists to the UK compiled by a classical specialist (FOC)
- Well discounted from high street prices: Full £12.75, Mid £9.25
- Budget £6.45 (Overseas VAT free)
- We can obtain any CD, cassette etc currently available in the UK
- Free postage for 3 or more CDs (UK only)

If you would like a copy of our new release list or would like to place an order please write to: Music Established Ltd, 25 Newgate St, Norwich, Norfolk, NR6 1AW, Tel: 0670 511744 or FAX: 0670 511979.

We are not a record club and there is no commitment to buy.



## MOTORING AND SPORT

# On the road with Little and Large

Stuart Marshall tests a stately Mercedes and the cheeky Subaru Vivio

**I**F SIR Edwin Landseer had seen them together, he would have dashed off another version of Dignity and Impudence. As it was, my neighbour said I really had gone from the sublime to the ridiculous. He was looking at the two cars standing side by side in my drive; a massive Mercedes-Benz 500SE in which I had just made a 1,200-mile (1,900 km) return trip to Geneva, and a tiny Subaru Vivio.

Sublime is a good way to describe the kind of motoring the 500SE offers. Its five-litre, 306-horsepower V8 had propelled its two tonnes on autoroutes, N and D roads, over the Col de la Glirvine and in Geneva's traffic without ever flexing its muscles or raising its voice.

To my surprise, it returned 20.63 mpg (13.69 l/100km) on the autoroutes and 19.61 mpg (14.41 l/100 km) elsewhere, making 20.12 mpg (14.04 l/100km) overall. For so majestic a car, it drove fairly briskly. I thought this not at all

bad: a 3.2-litre 300SE did little better (21.48 mpg/13.15 l/100 km) on an identical trip last year. But French unleaded petrol is FFfr5.52 (around 71p) a litre, or £3.23 a gallon, making the fuel cost 16p a mile (nearly 10p a kilometre).

You can see why large-engined cars are few and far between in France. And why, with gazole two-thirds the price of unleaded petrol, well over 40 per cent of all newly-registered French cars are diesels. Mercedes-Benz S-Class salesmen must be like Rolls-Royce dealers, telling prospective customers who enquire about miles a gallon that, if they have to ask that kind of question, they cannot afford the car.

In town - even more so in a multi-storey car park - you are aware of the S-Class's bulk; but on an autoroute, it reigns supreme. High gearing (nearly 30 mpg/48kmh per 1,000 rpm in top), double-glazed side windows and minimal tyre rumble make the interior



Dignified power: Mercedes-Benz 500SE. Two tonnes of double-glazed, near-silent luxury

quieter than club class in a 747.

From standstill, it takes off with similar vigour to a Bentley Turbo R - but such foot-hard-down antics are discouraged. The instant the driver sees the fuel consumption indicator drop into low single figures.

It rides superbly and handles with an agility that belies its size. The air-conditioned interior provides four people with lounging space, and a fifth is not cramped. The doors and the lid of the vast boot are closed silently by electric motors. All cars should have rear-view mirrors like the 500SE's. A

single knob power-adjusts the interior and exterior mirrors, folds the outside ones flat (ideal when parking on a ferry or in a narrow street) and restores them to their original position.

The £61,800 asked for a 500SE is a lot of money but a 500SE is, undeniably, a lot of motor car. But expensive, luxury-class saloons will not be so important to Mercedes-Benz in future; it has announced plans to make high-quality cars for all market segments.

People who reckon to travel first-class everywhere will still want large - and large-engined - lux-

ury cars. While they do, the S-Class has a secure future. No volume-produced rival can match it at present for performance and prestige. But no maker is keeping a closer watch on the formidably good Toyota Lexus 450 than Mercedes-Benz.

**F**rom the sublime to the Subaru. Stepping out of the 500SE and into the Vivio was a bit like dismounting from the heaviest of hunters and throwing a leg over a Shetland pony.

The £8,999 Vivio is tiny: shorter than a Rover Metro, not much lon-



Small and eager: tall, thin Subaru Vivio with four-wheel drive

ger than a Mini, narrower and higher than either of them. This makes it ultra-handly in traffic and parkable almost anywhere; yet, four people can fit inside without their heads touching the roof. Tailgate (and fuel filler) open from inside and the boot holds a supermarket trolley full of groceries.

All controls, steering included, are very light. The 659 cc, four-cylinder engine accelerates up to high revolutions with an electric motor's smoothness but pulls so well that fourth, even fifth, gears are usable in town.

Although the little wheels tend to magnify potholes and drain covers, the ride is not in the least teeth-jarring. And with a top speed of 83 mph (134 kph), the Vivio driver need not fear motorway speed cameras.

Although I would not choose one for a long journey, it is more than a town car-cum-shopping basket. Let the eager little engine spin fast and the Vivio holds its own well enough not to be an embarrassment on the open road. Drive it

gently and the fuel consumption will be around 50 mpg (5.65 l/100 km).

The only real snow I have seen outside mountain areas this winter was on the A26 autoroute between Calais and the A1 interchange last week. So, I cannot speak from personal experience of the Vivio's unique in-class feature of four-wheel drive, selectable at the touch of a button in the gear lever knob. But I know that its similarly-equipped, slightly bigger brother, the Subaru Justy, copes most competently with snowy roads and muddy car parks alike.

Many commuting businessmen burden themselves with large, load-carrying and fuel-thirsty on/off-road 4x4s because, they say, they want to be sure of getting to a country station in winter. They would be better off providing the nanny with a Vivio instead of a Metro as a runabout. Then, they could have a nice big estate as the company car - and commander the Vivio when they need four-wheel drive on snowy mornings.

The new F1 season starts tomorrow: John Griffiths looks at the backstage battle over technology. Martin Jacques asks which driver will win

## War of the puppets

**I**NDIANAPOLIS-based Nigel Mansell was closer to the mark than perhaps even he knew when, with his waspish parting shot at his detested rival Alain Prost, he said that the Williams-Renault in which Prost will start the South African grand prix tomorrow was so advanced it could be driven by "a puppet."

Indeed, grand prix technology is hurtling forward so fast, that left unchecked, a puppet might not be necessary. Max Mosley, the president of the Fédération Internationale du Sport Automobile (FISA), the world governing body of motor sport, says: "We are talking about something which technically could be only three or four years away."

The cars, digital "maps" of each circuit stored in their computer memories and with an occasional adjustment from the pits via telemetry, could be capable of racing on their own with steering, suspension and brakes responding by computer to electronic "vision." At the moment, they lack only the vision system - and even that technology exists.

Human interest? Slap a helmet and overalls on anyone prepared to go along for the ride.

He or she would lack the skills of world champions Mansell, Prost or Ayrton Senna - but would not need them. Nor, from the perspective of sponsors, increasingly uneasy at the spiralling costs of grand prix racing, would they want the \$10m (£7m) which the top drivers received in the 1992 season.

Of all the team changes, personal rivalries, cash crises and other dramas which have combined to make the 1993 season one of the most important in grand prix history, the technology issue stands out. The grand prix world, familiar with the problems of driving round a circuit, has found itself at a crossroads.

Along one route lies IndyCar racing - equivalent to grand prix in north America - with which Mansell is grappling. Here, electronic control systems are banned, gear-

boxes are manual and engines have to be shared among teams. The emphasis is on equalising machinery to maximise competition between drivers.

Down the other lies unchecked technology, ever-climbing expense and the diminution of the role of the driver.

The recession has cut sponsorship budgets - one well-informed source suggests a fall of 50 per cent this season - just as teams must find the cash to keep up with the rapid technological developments. Manufacturers, sponsors, administrators, engineers and drivers are asking, as never before, whether grand prix should be sport or science.

**M**osley, a barrister and a former racing driver, is staking his presidency on curbing technology. On that basis, events in Paris on Thursday will be of more fundamental importance than whether young Damon Hill beats veteran team-mate Prost in the Williams-Renault at Kyalami tomorrow; or whether the late-signing Ayrton Senna will upset the applecart with a suddenly more competitive McLaren-Cosworth.

On Thursday, the FISA world council is expected to endorse the proposals of its Formula One commission to ban, from the 1994 season, all electronic aids which detract from the role of the driver. That includes the computer-controlled "active" suspension systems developed by leading teams at a cost of millions; traction control, which stops skids automatically; and possibly even the semi-automatic gearboxes which are one of the dwindling areas of grand prix technology of likely relevance to future road cars.

Some leading teams have grudgingly accepted tentative cost-cutting as well as those measures aimed at helping less well-heeled teams, so increasing the closeness of the racing this season. Even so, Mosley could face a revolt. There have been muttered threats

of legal action against the technology ban, on the ground that it has not won the approval of all teams. Mosley says he will stick to his guns.

The prospect of a technology ban is viewed differently in F1's various camps. For leading technology-driven constructors such as Williams, McLaren and Benetton, yielding expensively won advantage is a bitter pill to swallow.

The attitude of the big manufacturers who back grand prix is conditioned by performance. Renault, Ford and Mercedes (powering the new Sauber team) oppose the ban. Ferrari, struggling woefully to get to grips with the technology, would be quietly grateful.

Drivers, Prost prominent among them, are mostly in favour for it is their skills which are devalued by technology.

Sponsors with no entrenched motor industry interests other than the simple desire to stay exposed to a 100m global grand prix television audience, maintain a discreet silence but welcome quietly the prospect of closer racing at less cost.

Most important of all, the ban would mean that Indy and grand prix cars could move relatively quickly towards a common specification.

Already, planning permission for been given for one Indy-style oval on a disused British Steel site at Silverstone's owner, the British Racing Drivers' Club, has completed detailed planning for a second. A third is being prepared by Donington Park's owner, Tom Wheatcroft.

US motor racing officials, who show distaste for the intense politics and perceived gray train of Formula One, pour cold water on the idea of a F1-Indy "marriage."

But Mansell's presence on this year's Indy circuit, and sponsor pressure, could see the shotgun brought out. A technology ban would be of almost wholly unalloyed benefit. Grand prix has had its moments.



The absent king: Formula One champion Nigel Mansell is drawing fans to IndyCar

Mansell's gloriously futile chase of Ayrton Senna at Monaco last year among them. But the very fact that grand prix overtaking manoeuvres are memorable as much for their rarity as their spectacle underlines Mosley's concern about the grand

prix procession.

Last month, Dale Earnhardt took a hard-earned victory in one of the most famous US races, the Daytona 500. During the coolest, the lead changed 30 times.

That is motor racing.

## After Mansell

**T**HE first grand prix of the Formula One season at Kyalami, South Africa, tomorrow will provide some light relief from the politics that have dominated the closed season. As the racing starts, F1 is afflicted by doubt and uncertainty.

During the 1980s, F1 was in expansive mood. Attendances at races mushroomed, television audiences grew apace, sponsorship brought unprecedented resources to the teams, and the big car-makers entered the fray on a greater scale than ever before. F1 enjoyed its own version of the boom years.

Last season, however, the recession began to bite. Three teams withdrew, and rumours in the paddock suggested that all but the top ones were feeling the pinch.

The downturn coincided with a more existential crisis. The season proved to be one of the most professional ever. Nigel Mansell in his Williams-Renault dominated from beginning to end. He won more grands prix in the course of the season than anyone had ever achieved previously.

Crowds dropped and, most seriously of all, so did television audiences. The powers-that-be began to worry that the television companies might lower F1's credit rating, with potentially dire consequences for the financial health of the sport.

The secret of Mansell's domination was the remarkable technical advantage achieved by Patrick Head and Adrian Newey, the Williams designers, over their rivals. But this proved expensive and F1 was threatened by a pincer movement: poor entertainment value and escalating costs.

To compound matters, negotiations between Williams and Mansell over a new contract broke down and F1 finds itself facing the new season without the world champion and, by common consent, the most exciting driver.

Worse, Mansell signed for one of the top teams in the US IndyCar series, a long-standing rival of F1 and the main reason why it has

never become a serious force in north America. Mansell's charisma saw European television companies, including Britain's ITV, queuing to buy the rights to broadcast the IndyCar events.

But as the 1993 season prepares for the lights to turn green, there are some encouraging signs on the track. The fear has been that there would be a repeat of last year, with Williams - and Alain Prost, in particular - disappearing into the blue yonder.

Pre-season predictions are, however, always notoriously difficult and unreliable. They are based on close-season testing, involving many different circuits and conditions, and, often, wilful attempts by one team or another to conceal their true performance.

Last season, the majority of pundits failed to predict Mansell's extraordinary domination; instead, most of them backed Ayrton Senna to become world champion again. This season, needless to say, they have gone overwhelmingly for Prost in the Williams.

In recent testing, though, the Benetton - fitted with all the latest technology and driven by Michael Schumacher, the talented young German - has gone well. So, too, has the new McLaren, in the hands of Senna, managed to break the lap record at Silverstone last week.

The McLaren's performance persuaded the three-time world champion to race in South Africa: previously, he had left his intentions for the new season suitably vague, even considering giving it a miss altogether should the new McLaren not be competitive.

Meanwhile, many eyes will be cast westward as Mansell wanders his round the US (and, occasionally, Canada and Australia) in his IndyCar. The F1 authorities will no doubt be monitoring his progress with more than a little nervousness: motor racing fans, however, are promised a double whammy. For most of the season, F1 and IndyCar will be on UK television screens on alternate Sundays.

### The Rules of Golf in Ireland

No. 1

## Turn up and tee off!

We've been playing golf in Ireland for over a century, so perhaps it's not surprising that we have over 250 beautiful links and parkland courses to test your skill. Many of the courses are of championship standard.

But you may be surprised how easy it is to get on the course of your choice. Usually, you just turn up and tee off. The green fees will be a welcome surprise too.

To find out more about Golf in Ireland and our special Ladies Golf Breaks (club membership not essential) please phone 071-493 3201 (24 hrs) or write to Golf 93, The Irish Tourist Board, P.O. Box 46, Hounslow TW4 6NF.



### Skiing

## Off-piste with the fat boys

It could almost be a Vietnam war film clip with snow. Every morning at 8.30, five helicopters with headlights blazing come clattering into Blue River. Without fail the adrenalin starts pumping.

Helicopter skiing is addictive and these days anyone with sufficient money can do it. Forget virtuoso technique. Forget leaping off cliffs. Thanks to a new off-piste ski, the Atomic Powder Plus - nicknamed "fat boys" or "fat sticks" - money, or lack of it, is the only barrier to those who dream of bell-skiing.

Mike Weigle certainly has a lot of wealthy customers at his Blue River resort in the mountain wilderness of British Columbia. One pony-tailed client, who skis there eight weeks a year and takes lobster up to the lodge for his private party, is worth \$50m (£35.2m).

The Powder Plus skis, developed by Atomic, are being copied by other manufacturers. The wide-bodied ski is revolutionising off-piste skiing, in all types of conditions. The big bell-skiing companies in Canada - Canadian Mountain Holidays and Weigle - have switched to them.

It is a little like having a mono-ski or even a water-ski on each foot. In a sense, the skis enable you to cheat. They can make skiing off-piste as easy as any reasonable inter-

mediate can do it.

All week, while Blue River remained lost in fog, we rose above the clouds in our Bell 212 to enjoy a feast of skiing with our new rental Powder Plus skis.

Safety is paramount in helicopter skiing. The first evening and following morning were taken up with safety drill.

"There are three Number One rules of bell-skiing," says our amiable guide, Bob Sayer. "The most important is: 'don't break the helicopter'."

Gusts have been known to accidentally snap off the long probes which provide the helicopter with radio communications with the guide and other pilots.

Next comes: "Never ski past the guide." Crevasses, avalanches slopes or both could be lurking ahead.

The third rule is more positive: "Don't forget we are here to have fun. We do not need to move fast around the helicopter. Just be careful and we'll all stay happy and have fun."

There are other rules. "Don't ski too close together," says Sayer. "We're almost alone in more than 4,000 square miles of

mountain wilderness, so what's the point of skiing into each other?"

"Keep an eye on the helicopter at all times when it is coming in to land or taking off. And when you jump out of the helicopter, don't hurry your head in the snow."

Soon we were skiing our first run, Cedar, an easy warm-up.

tinger our turns and enabling us to leave almost effortless "S" tracks in gunbarrel gullies, couloirs and all kinds of snowfields as we swooped down one roller-coaster run after another.

The "fat boys" were pioneered by Georg Ehrschwendner, a former train driver from Salzburg, who was with us that

week. He is a brilliant skier, and his inventions include goggles with a chimney arrangement which allows hot air to rise and thus prevents them steaming up; powder poles with bright orange trumpet-shaped baskets; a metallic hat that snow simply slides off; and a silver-foil loo for women caught short while bell-skiing - which he thoughtfully set up for us during lunch on a frozen lake at the bottom of a run called, appropriately, Nancy's Relief.

When Georg discovered that his fibre-glass prototypes

worked, he burst into tears - but he cried only half-way to the bank. So far, he says, the skis have not made him rich.

As the week progressed, we switched between the Monashies and the more rugged and adventurous Cariboo slopes, depending on snow conditions and visibility.

Our pilot, Greg Kennedy, was always there at the bottom, waiting to clatter off to yet another run. An Everest day - almost 30,000 vertical feet - is not uncommon, especially on "fat boys."

Weigle operates helicopters along a 4,000 square mile area of the Monashies and Cariboo Mountains from his base at Blue River Lodge, a remote spot on the shores of Lake Eleanor 370 miles from Vancouver. CMH, Weigle's rivals, also operates in the area, but they are such big ranges that the nearest two operations get to each other is 20 miles.

"There's a ton of skiing out here," says Sayer, over an excellent dinner in the cosy chalet-style lodge. "We have 300 named runs and another thousand we haven't named yet."

Arnold Wilson was a guest at Mike Weigle Helicopter Skiing Holidays (0101-403-763-5548), marketed in Britain through Ski Scott (081-787-0222) and Fresh Tracks (081-525-3003). He travelled to Kamloops, British Columbia, with Air Canada, 7-8 Conduit St, London, W1R 9TC (081-759 2636).

The two-and-a-half hour journey to Blue River was by a Mike Weigle Greyhound bus. A seven-day package, excluding flights from Britain, varies from £22,900 (£1,630) to £34,670 (£2,630) for double occupancy accommodation in individual spruce-log chalets, some with self-catering facilities.

The package includes 100,000 vertical feet of helicopter lift, with 30,000 vertical feet guaranteed. Extra skiing is charged at £14 per 1,000 vertical feet. Three-day packages start at £31,570 and five days at £32,370.

### MOTORS

**LEXUS**  
DEMONSTRATIONS ANYTIME, ANYWHERE  
Contact hire and leasing specialists  
**Hassop**  
081 459 0005 OPEN 7 DAYS

SAAB IN WARWICKSHIRE The full range of new Saabs and probably the largest selection of superior used Saabs in the Midlands. Lime Harages Ltd, Royal Leamington Spa. Tel: 0926 422221.



## PRESS REVIEW/MINDING YOUR OWN BUSINESS

As They Say In Europe/James Morgan

## Britain's overheated news economy

THE SECOND anniversary of the day this column was launched on an astounding world seems a good time to reflect on the unique nature of the British media. It stems from the intense competition among 11 national dailies and the way that is heightened by the power of a well-funded nationwide broadcasting system. In the rest of Europe the news market is dominated by a couple of weekly magazines, one or two national papers and any number of regional papers which operate on a shoestring and poverty-stricken budgets.

That the British media exercise a uniquely decisive influence on national political life has been notably demonstrated in recent days: in no other country would what has been termed the "moral panic" over juvenile crime have provided the basis of such a concerted campaign led to almost instant action on the part of the government.

Foreign correspondents in London quickly became attuned to the "nine-day-wonder" nature of the news. It results from the way national dailies, and not only the tabloids, latch on to a single phenomenon to fight competitive battles. Veterans of the foreign press corps who have been scarred by numerous incomprehensible stories - Westland, salmonella in eggs - now take a sardonic view of those sudden eruptions that characterise the flow of British public life.

But their daily rhythm is rigid. The Today programme on Radio 4 is part of breakfast. They can relax until the World at One appears on the same wavelength. These set the

agenda which is pursued in Question Time in Parliament and that in turn assures the headlines for the evening TV news and next day's papers.

Thus the British debate runs like that. The Guardian carries an exclusive about a secret report on the decline of the ice cream industry. The Today programme gets hold of the story and runs a feature on the rise of American ice cream in Britain. The original report is published in full later that morning and the World at One interviews the Minister for Ice Cream. In parliament during Prime Minister's questions, John Major rejects demands for action. Next day the Daily

Express leads on the headline, "Ice cream: Major acts."

Look what happened to the last set of unemployment figures. Endless items up to "U-day" itself predicted that unemployment would rise above 3m. Then came the figures. They showed that it stood at 2,965,100 seasonally adjusted. So the media unanimously, and contrary to normal practice, seized on the unadjusted figures which put unemployment at above 3m. How wise the Germans are never to say when their official statistics are to appear.

One may wonder if the institutionalised overheating of the policy debate in Britain damages the policy-making process. City

economists, who should be safely locked up feeding incorrect forecasts to their employers, become famous, quoted and interviewed on all aspects of government policy. When the pound was on its way out of the ERM last September, they appeared across the media to sing the praises of devaluation. Now guess whether their employers made or lost money on the sudden collapse of sterling.

The situation in France or Germany is quite different. For one thing, both suffer a dreadful shortage of economists. There is some discussion of public policy issues on the broadcast media but the usual fare of morning current affairs pro-

grammes is provided by the clients of resourceful public relations agencies. "And now we take a look at the forthcoming masterpiece of Jean-Luc Coudane."

It was inevitable that there was an intense debate in Britain on the Maastricht Treaty while public opinion in most of the rest of Europe simply accepted the word of *parti pris* Eurocrats. But have the benefits of this public debate outweighed the damage? Is the absurd chain of events at Westminster not the result of an over-excited controversy that is constantly fanned into life by highly-motivated and gifted newsmongers?

And they in turn are assisted by

an astonishing number of well-organised pressure groups, charities and of course MP's devoted to ensuring the public benefits from their unique insights. All these have abundant access to the nation's news outlets to which decision-makers feel compelled to pay attention. Any time anybody wants an opinion in Britain there is always the Royal Society for the Protection of This and That, Credit Suisse, Biffen & Broom, the Sweetshop Association, Help the Rich, Women Against Men, the National Trust and Herma Foundation and Lord knows who ready to provide it. And everybody who is anybody from Land's End to John O'Groats has to listen.

It could all get worse. There may yet be a Freedom of Information Act.

James Morgan is economics correspondent of the BBC World Service.

## Not rich, but on top of his world

Clive Fewins meets a happy band of thatchers

HATCHING IS catching, according to mathematics graduate Martin "Barney" Bardsley, who is confident that, barring ill health or acts of God, he will stay in the profession he switched to 16 years ago at the age of 27 for the rest of his working life.

"I have no regrets. My father, who started as a manual worker and finished life as a teacher, thought I was crazy leaving a secure job in the civil service, but I enjoy the work I do, even high up on roofs in the depths of winter."

Money is a different matter. There may be thatchers who drive BMWs and own farms on which they grow their own materials, but Barney Bardsley is not one of them. In spite of a working week that extends to six days and often breaks into a seventh, Bardsley, 43, expects to earn well under £20,000 before tax this year. The same goes for his partner David Brown, 37.

"The two have shared all the profits since they merged their businesses to form Bardsley and Brown three years ago, and it has worked. Thatching can be a solitary life and both of us still wonder why we did not team up years before. David

has always thatched - unlike me he comes from a thatching family - but he agrees that shared expertise and risk taking is a good idea, provided you trust one another."

That view has proved particularly true in the last precarious year. Bardsley and Brown have seen their order book shrink from one to two years in advance to six months. The recession has had a lot to do with it. But there is another reason: the number of thatchers has grown, not decreased, in recent years.

"Nowadays it is possible to go on a six month course, buy a thatching franchise and set up in business immediately after, and this is what a number of people have done after collecting their redundancy money," Bardsley said. "The result is that there are too many thatchers chasing too little work. Some thatchers - some of them very good - face going out of business."

Bardsley is slow to condemn the new thatching companies - he says there are some good ones - and he stresses the importance of younger people learning the craft. But he dislikes the idea of teams of thatchers, often employed by the large firm companies. "He feels this approach takes away much of the craft ele-

ment of the work, and the interest of the individual thatcher in his work. It is this he enjoys most."

"This year it has been tough. David and I will only get near the £20,000 each we aim at if we manage to turn over £80,000, as we did in 1990, but with the bad harvest last year and consequent higher price of straw, the wet autumn, rising insurance costs and increasing competition I doubt if we shall achieve this."

"We could make more money if we dropped our standards, but this is something neither of us are prepared to do. To us job satisfaction is all-important. By now I would probably be earning far more if I had continued as a statistician at the Transport and Road Research Laboratory. But I can't help being a romantic. I love thatching and the satisfaction it brings despite the harsh winter conditions and the current insecurity."

"It is hard to describe all the satisfactions, but every roof presents a separate challenge. It is hard to describe the feeling you get when diving past a well thatched roof that you have done many years ago and thinking 'I did that'."

"On big roofs the work can be repetitive. But that only lasts until



'Barney' Bardsley at work on a traditional thatched roof

you hit an interesting spot and with the two of us plus our apprentice, who is soon to qualify, we are able to switch jobs to make it interesting for all three of us."

Thatching has traditionally been carried out by small firms, and even today there are thatching families in which the line can be traced back for many generations. However, while running a larger business

with several teams has been shown to be the way to make money, the Bardsley and Brown way is not currently very profitable.

"Pricing jobs is very difficult, particularly when you know you are probably competing with someone who is likely to come in beneath you with a stupid price," Bardsley said.

"Balancing up the jobs on which

you make a good profit against those that turn out barely profitable is very difficult. We price jobs by the square, a square being 100 sq. ft, for which the price is £600. For ridges - the trickiest part of the job and we charge so much per foot, depending on the style of ridge.

"Then there are the materials. In our area, south Oxfordshire, Berkshire and north Hampshire, we

nearly always use combed wheat reed. This is the straw left after harvesting long stemmed wheat.

"Generally we buy it from a dealer based in Somerset, for £485 a ton. Buying this way guarantees the quality. But even then every load of material has different characteristics. Even bundles in the same load can vary. The skilled thatcher will be able to get the best out of the varying characteristics."

Bardsley and Brown will not guarantee the lifespan of their roofs. Bardsley has seen roofs of water reed - the most durable thatching material - last 70 years and a good wheat reed roof should last 25 years before it needs a fresh top-coat. However, nearby trees, moss or bad air circulation can greatly reduce this figure.

"Thatching still comes back to skill and experience," Bardsley said. "If you have a thatched property you have got to know and trust your thatcher, and a good thatcher will respect that. Some firms - I call them factory thatchers - just go in and out fast and make the job last only seven or eight years. They get away with it, and they often make a lot of money."

"I couldn't sleep at night if I worked that way. But the sad fact is that village communities are changing rapidly and virtually no thatchers know anything about the subject. They fall back, line and sinker for a gleaming, newly-thatched roof, which is the standard of workmanship. Sadly, only a skilled thatcher can immediately distinguish between the good jobs and the atrocious ones."

Bardsley and Brown, 1, Marlston Cottages, Marlston, Hereford, Berks RG16 9UN. Tel: 0635-201546, 255149.

## Mafia lurks behind the face of carnival

Continued from Page 1

favour of a woman who claimed that Manguera had stolen her car. Rehearsals were cancelled and fierce squabbles broke out. Dona Neuma, the school's 70-year-old First Lady and daughter of one of the founders, attacked the "new administration" and said she would not parade for the first time in 64 years. Roberto Firminho, the president, retorted furiously that "the old lady should retire and stay at home with her mouth shut."

The case was, however, resolved a week before carnival and Dona Neuma relented.

Four weeks before the big night I visited the barracoe, the school's centre of preparations in an enormous concrete hangar with a corrugated roof and a pink gate, guarded to prevent rivals taking a sneak preview. Reeking of carpenter's glue, hammers were banging and drills whirring everywhere. Disembodied papier-mâché figures and limbs lay discarded on the floor: a cow's head, a lion's countenance. It seemed they could never be ready on time and the work force was buzzing with talk about other schools' sumptuous special effects. Firminho sauntered out to greet me. Rubbing his moustache, he claimed not to be worried. "It's always like this," he smiled, unconcerningly.

He was right, though. The week before carnival, the barracoe had been transformed into a magical kingdom of medieval castles, French drawing rooms complete with marble columns, green brocade, gilded mirrors and chandeliers, Portuguese galleons on a silver sea, 10 ft-high elephants, and zebras dancing around an enormous African warrior head.

A man with a clipboard of pencil sketches was barking orders at 100 people working round the clock on 10 floats, scurrying up and down ladders with hammers and paint brushes, creating marvels from foam, fibreglass, wire and paints of myriad colours. Ivar Magalhães is the *coronador*, the man who creates the Manguera "look." Having chosen this year's mango theme almost a year ago, he buried himself in libraries to discover

how the fruit came to Brazil and to design the floats and costumes (known as *fantasias*) to tell the story.

Carnival is an enormous industry, bigger even than shipbuilding. Preparations for the big week provide permanent employment for 80,000 people including musicians, architects, carpenters, electricians and sculptors. Samba schools are the main breeding ground for musicians and dancers, who spend the rest of the year giving demonstrations. Some of the painters in the barracoe are well-known artists.

Parade day dawned cloudy



and rain-laden but could not dampen the general glow. Inflation of 90 per cent a month and searing recession were forgotten as society people and slum-dwellers mingled, worry lines falling from faces before my eyes. Walking through the lights of the Sambadroms through a warren of tiny streets littered with beer cans and bits of *fantasias*, Cosmi Tudo, a drummer from Manguera - resplendent in white silk tunic and gold turban and unrecognisable as a construction worker - said: "We're poor and no one notices us but, for one day of the year, we're kings."

As we watched the other schools parade, our spirits soared. Surely, we said, the Manguera song is catchier, its floats prettier. We laughed cat-

tily as the Salgueira school's flag-bearer slipped, someone lost a hat, and a dancer from Estacio faltered. On and on went the processions of warriors, Indians, voluptuous women in rhinestone bikini bottoms (their breasts splendidly naked and surely silicone-enhanced), cavemen under showers, giant insects, mermaids, and older women whirling in wide, hooped skirts held up with hoosepops.

We marvelled at the giant steamships of Salgueira and the gadgetry of Mocidade with its flying model helicopter, lasers and video screens. It seemed an incredible waste in such a poor country for so much luxury to be created for just one night and then thrown away, but Trinta explained: "Intellectuals want poverty but the masses don't. They want luxury."

Finally, it was our turn as the last school of the second night, the pink glow of dawn visible already over the lights of the *fantasias*. The roar of the audience sent us into ecstasy - except for five breath-stopping minutes when the mass of our Portuguese *coronador* got stuck under the television tower. Afterwards, Magalhães was jubilant: "It's definitely our best since 1987 (the last time the school won)."

Convinced we had come second, the results announced the following afternoon were a huge disappointment: Manguera was placed a poor fifth and Salgueira had clinched its first victory in 17 years, scoring top marks in all categories from choreography to floats, story, costumes and music. A devastated Firminho said the school would appear at the top five schools wearing black headbands. He complained: "Some judges always try to appease the most powerful." Dona Neuma was more philosophical: "Manguera has been parading 88 years. We're used to such results. I cry."

Over at Salgueira, it seemed the celebrations would never stop. King of it all, in a white suit and banana grin, was Waldemar Garcia, known as Miro - a *bicheiro* who describes himself as a farmer. Only a week earlier, he had been in court - bracketed by heavily-armed security guards in dark glasses - facing charges for drug trafficking and running gangs.

## MINDING YOUR OWN BUSINESS

## SETTING UP BUSINESS IN MONACO?

you do need a fully equipped office, with staff who know the Monaco laws and regulations

**BAA**  
Efficiency Speed Discretion

Monaco Plaza, 8th Fl, Box 12, Boulevard Jeanne D'Arc  
M.C. 9500 Monaco Cedex  
Telephone 33 50 82 28  
Fax 33 50 72 84  
Telex 47631 BAA MC

## FOR SALE

## SHARES IN PROPERTY AND GENERAL INVESTMENT COMPANIES

- Divorce forces sale
- Private companies
- Substantial minority interests
- Manchester based
- Offers sought

For further information please contact:

Julian Gibbins at

Pannell Kerr Forster  
New Garden House  
78 Hanton Garden  
London  
EC1N 3JA

Tel: 071 831 7393  
Fax: 071 405 1475

**PANNELL  
KERR  
FORSTER**  
CHARTERED ACCOUNTANTS

## RECOVER YOUR DEBTS &amp; SAVE ON LEGAL FEES

Practical Ways to Recover Your Debts in a 53-minute video and useful indexed reference booklet with help from The Law Society and The Bar Council. It teaches you how to recover your debts legally in the Small Claims Court, the County Court and The High Court, and is a must if you are owed

money. Send a cheque or postal order for ONLY £14.99 plus £1.50 p.p. to: Lark Productions Limited, PO Box 2933, London N20 9JT or quote Access/Visa/Switch No.

Tel: 081-446 2653

Please allow 14 days for delivery.

## PR BY POST

A new correspondence course for small businesses to enable them to do their own PR. A personal tutor, written projects assessed by specialists and telephone helpline are included in the package.

Holder Swan Seminars, Tel: 071 267 6022 Fax: 071 485 1470

## ARCHITECTS SEEK ACQUISITIONS

Medium sized Architectural company is looking to expand by way of acquisition or merger in London or the home counties. Young management team have the financial backing to consider any proposal from design and construction professional. All replies treated in the strictest confidence.

Write to Box A4785, Financial Times, Number One Southwark Bridge, London SE1 9HL.

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

## BUSINESS SERVICES

YOUR OFFICE IN LONDON From 70p a day. Account/Tel/Fax/Post/Mail Box etc. Office Box. Tel: 071 436 0766. Fax: 071 580 3729.

C.O. RESEARCHES, REPORTS & INFO. Instantly by Fax, Credit Ratings, Directors & Accounts. UK & Int. Tel: 0254 822288.

## BUSINESS SOFTWARE

To advertise in this section please telephone 071-407 5732 or write to Alison Price at the Financial Times, One Southwark Bridge, London SE1 9HL or Fax 071 873 3063

## EASTERN EUROPE BUSINESS DATABASE CD-ROM

Find out who produces what in Eastern Europe. Catalogue almost every factory and business entity in Eastern Europe. Search by any criteria. Over 25,000 pages of first hand information. Also contains many detailed trade reports on East. £395.00

Additional spreadsheet functions for Capital Market Professionals using Lotus 1-2-3 and Excel (Windows, OS/2, Mac). European and American style options and warrants on bonds, commodities, currencies, futures and stocks. Free 30 day trial.

Financial Systems Software

2 London Wall Buildings

London Wall, London EC2A 3PP

Tel: 444 71-6228 4200 Fax: 444 71-6228 2718

ACT: THE SALES

MANAGEMENT SYSTEM

• Tracks all your Client Contact

• Prompts all your actions

• Has full W/P, Modern, Fax support

• DOS, WINDOWS, NETWORKS, MAC, HP/UX

• Training, Consultancy, Support, Product

• Only for those wishing to get and stay ahead

ASK FOR THE DEMO DISC

Price: only £299

Tel: 0582 428444

Fax: 0582 428333

COMPUTER AIDED

SALES & MARKETING

GreatK through, comprehensive sales & marketing productivity system. Handles contacts, prospects, clients, dealers products & services. Produces form letters, mailshots, action lists. Report generator included. Manage addresses, campaigns, costing, response evaluation, notes, telephone sales action lists. Report generator included. SOLES, PREP/POST, London M16 1BR

Tel: 081-383-8158

Fax: 081-383-5482

TECHNICAL ANALYSIS

SYNERGY SOFTWARE

For all your investment software needs contact the professionals. Our advisory service is free and with over 10,000 users in 40 countries we help the smallest investor to the largest institution. Technical analysis, market scanning, portfolio management, fundamental and options analysis, optimisation, update services, data and training. Call: 0582-424282 for details

BANKING SYSTEMS

"Technically advanced"

"User friendly"

"Delivered on time"

"To specification"

"Within budget"

One of the three largest building societies comments.

M&M Currency

Multi Lingual

John O'Connell, Central Software

Tel: 0524 528557, Fax: 0524 528703

SHARETEXT FOR WINDOWS 3

Scan Teletext whilst using your word processor, spread sheet etc. Features comprehensive overview, Sector analysis, Movers, Moving averages, Graphs, Profitable price alerts, Automatic news gathering/updating etc.

Price £150 + VAT.

Call for free demo disc

Fal Ltd. 081 902 3900

EXPANDING GROUP

needs additional capacity in injection moulding, turned parts and pressings.

If you have any of these and seek success as a partner write to: Chairman

Box A4789, Financial Times, Number One Southwark Bridge, London SE1 9HL.

TECHNICAL ANALYSIS

SYNERGY SOFTWARE

For all your investment software needs contact the professionals. Our advisory service is free and with over 10,000 users in 40 countries we help the smallest investor to the largest institution. Technical analysis, market scanning, portfolio management, fundamental and options analysis, optimisation, update services, data and training. Call: 0582-424282 for details

BANKING SYSTEMS

"Technically advanced"

"User friendly"

"Delivered on time"

"To specification"

"Within budget"

One of the three largest building societies comments.

M&M Currency

Multi Lingual

John O'Connell, Central Software

Tel: 0524 528557, Fax: 0524 528703

SHARETEXT FOR WINDOWS 3

Scan Teletext whilst using your word processor, spread sheet etc. Features comprehensive overview, Sector analysis, Movers, Moving averages, Graphs, Profitable price alerts, Automatic news gathering/updating etc.

Price £150 + VAT.

Call for free demo disc

Fal Ltd. 081 902 3900

## FAIRSHARES 6.5!

The essential investment tool for portfolio management and analysis. Recent review in the F.T. We also have the latest 3.0 technical analysis, Brian Millard's Investment Course, his books & software. Teletext info and our low cost DataService - the stock exchange on a weekly disc. Free information pack available.

State disk size when ordering.

J&L Software Ltd

Freemont 5 West St Epsom Surrey KT19

79L Tel: 0372 741968 Fax: 0372 730053

1-2-3 TAKEOVER

Analyze the financial health of any company. Demonstrate its commercial and financial strengths. Develop an acquisition. Price £39 (includes VAT). 18Mcompartibles. Clear manual. Click start 30 days money-back guarantee.

24 hour answerphone 0642 252 191

PUBLISHING SUITE LIMITED,

THE YANGLAND SUITE,

ARNOCASTING HOUSE,

MIDDLEBOROUGH, TS1 6JA.

Tel: 0453 220977

Fax: 0453 243560

INDEXIA II Plus

TECHNICAL ANALYSIS

The leading Technical Analysis software. Includes Indexia Files, Gann Analysis, Candlestick & Wave Charts, Automatic P&P Counts, Composite Highlighting, Scanning, Beta Risk Analysis, Autotrend Charting, Portfolio Management, includes free data for 100 Shares, Futures, Forex etc. Update through Market Origin or Teletext



## GARDENING/FOOD AND DRINK

## Spring pests are on the march

... but Robin Lane Fox is already marshalling his killer forces against them

**A**MONG THE marvellous haze of blossom on the first primroses, it would be easy to sit back during this weekend, head for the suburbs and enjoy the sudden beauty of Britain's streets. Even in the garden there is continuing confusion: hellebores are flowering with forsythias, primroses have been out for ages, and pulmonarias are behaving as if the Budget did not threaten.

Before setting out my plan of action, I must put in a word for a deep blue pulmonaria called Highdown Blue. Special forms of pulmonaria seem to multiply yearly, but this one has a vigour and depth of colour which outclasses the many others I have tried.

Highdown Blue flowers madly at a height of about nine inches, but the colour is so deep that it stands out at a distance in small groups, dotted at intervals in the front of a border which is otherwise out of season. The flowers wilt as soon as you pick them, but revive smartly if put in hot water. This plant seems quite indestructible, even after somebody squashed it by parking a car on top of it out of season.

Highdown Blue is my plant of the week, but it is certainly not my weekend problem. Here, the answer

is brutally simple: get a move on. Every year, most of us attack our weeds and diseases too late. My armoury is already on red alert, a task force with four props until somebody tells me of a fifth which is even better.

In mid-March, you are most unlikely to be thinking about leaves on your roses, let alone about black spot, the disease which strips them in so many gardens from July onwards. Black spot was awful last year but, if you want to control it this year, you must act at once. Indeed, in another 10 days or so, you will be too late.

The weaponry here is a systemic fungicide which works through stems and leaves and acts as a prevention rather than a cure. It needs to be in place before the disease takes hold. The best chemical to buy is Nimrod T, sold by ICI at about £5 for enough of a dose to cope with a large rose border throughout the season.

The instructions suggest that you spray in May and never go away

afterwards, but experts prefer to begin much sooner and be more relaxed later in the year. Already, young shoots on roses are wonderfully far ahead and so you can strike the first defensive blow, making a serious impression.

Nimrod T is sprayed all over the plant. You will need to follow up at least once a month but, insofar as anything combats this hideous disease, this compound is the best answer. While you are out, you also spray the hollyhocks, as Nimrod T is effective against the rust which acts like black spot on a rose and strips off their leaves in August.

Among moulds, not spots, the mild and wet winter has been very welcome. I am finding that there has been considerable carnage through the lower levels of my planting, especially among pinks and anything with silvery tendencies. Wet seasons are wonders for mildew and, once again, it pays to start very early.

On anything prone to mildew - violas and most forms of clematis



I prefer to use Renlate. After spraying clematis with this brand name, you have also protected against the dreaded wilt. You can then start to feed, a process which enthusiasts began on clematis as early as February. As an easy food with a relatively high value, I still stand by Phostrogen, which is diluted and sprayed on to the leaves.

Weapon number three is a familiar visitor to this column but familiarity does not breed weeds,

especially if you spray them with Roundup. Conditions this week have been ideal for its use: calm, dry days have encouraged early growth on grass and broad-leaved weeds, which are now sufficiently voracious to take up a dose of their own death. For several days, we have been spraying Roundup on to unwanted grass, dandelions, daisies, broad-leaved weeds and that infernal little white-flowered bitter cress which is such a space-invader during March and April.

The key element in Roundup is glyphosate and, previously, gardeners were supposed to buy it under the name of Tumbleweed (which I always found to be weaker and more erratic). Professionals, meanwhile, would go to a farm chemical supplier, sign the poison book and use Roundup in bulk on large areas.

Since last year, garden centres have been selling Roundup GC for gardeners' approved use, a stronger weapon than the Tumbleweed of

their past. Roundup takes up to three weeks to show its effects, but it is harmless to gardens because it kills only by contact with a leaf, not by lingering in the soil.

On my floral calendar, this month (as usual) is lined with mildly dotty "Green Garden Tips." In March, they suggest that we should all cover our flowerbeds with polythene in order to encourage weeds to germinate so that we can then spend April hoeing them off in bulk. I suggest that we all join the 20th century and spray the really difficult weeds, which are not just annual seeds and which "Green Tips" somehow fails to discuss.

Roundup GC will knock out big patches of weeds and coarse grass if used now during a dry, still period of the day. As yet, it will not knock out the ever-sliming slug.

Slugs have had a dream winter during all the rain, and have already made an hors d'oeuvre out of my dicentra and sandwiches out of the emergent hostas.

Fortunately, they are also very responsive to Growing Success, a newish granular killer with aluminium sulphate.

The granules can be scattered or diffused, and I prefer to scatter them like mouse-killer between plants. It is billed as a molluscicide, and I think that the slippery beasts deserve it. It is not a bait but claims to kill by "contact action," and to be "used by people who care about pets, birds, hedgehogs and livestock."

If you like pets, except slugs, you will love Growing Success. It is spreading now through garden centres but, if you cannot track it, its makers are at South Newton, Salisbury, Wiltshire; which is part of the Wessex Peat Group. I now use it against slugs before anything else: the granules can even be diluted and sprayed carefully among young seedlings, including salad plants. So far, this final prong in my armoury seems to mount an effective defence for several months at a time.

If you cannot face spraying, do try scattering, but also please take your lesson from this early season. The flowers are early, the Highdown Blues and all the primroses, but so are the pests, not to mention this summer's diseases.

## Capital eats in Paris

Nicholas Lander enjoys three memorable meals in a day

**I**T IS not easy to recommend restaurants in Paris as everyone seems to have a favourite. But, with the pound at such a low exchange rate against the franc, here are three distinctive restaurants that may make any trip to the delightful city no less expensive but more memorable:

Breakfast, *Café Le Flore*, 172, Boulevard St-Germain. Opposite Brasserie Lipp and next to Les Deux Magots, an other famous Parisian café, Le Flore has been second home to many famous literary figures, Huysmans, Sartre and de Beauvoir.

Its croissants and pains au chocolat are excellent; the coffee and hot chocolate are strong and dark and the red banquettes offer comfort and discretion. The waiters are suitably discreet, too. I sat and felt much aggrieved as, on the next table, a middle-aged man introduced his much younger fiancée to the waiter, also a Nicholas, rather than to me.

Any table near the entrance of the café's small kitchen offers the chance to overhear the waiters' barked orders - "un café, deux espressos" - and even at 8am, "deux bières" - because the waiters, as in so many cafés, do not bother with order pads.

Lunch, *Chez Georges*, 1 Rue du Moil, tel 42 60 07 11.

A restaurant that offers the definitively bourgeois cooking of the Lyonnais area. It is near Place des Victoires in the 2nd arrondissement.

You should lunch there for those very French dishes - rillettes of pork, fromage de tête, coq au vin or blanquette de veau - and, also, for those unforgettable French restaurant sights such as a table occupied by one woman, wrapped in a fur coat with a poodle at her feet, happily moving through a large, bloody steak, a bottle of red wine and a packet of cigarettes.

Chez Georges, too, for a unique style of service. Le patron, dressed in a chef's jacket, greets you although he handles nothing more than a credit card processing machine which sounds the only discordant note in a hazy room where the decor does not seem to have changed for 50 years. He then hands you over to one of half a dozen waitresses who are comforting, swift on their feet and in control. As I walked past the entrance to the kitchen I overheard one waitress telling the chef, firmly, that when she cooked kidneys at home, she cooked them in quite a

different manner.

Fish included an escapee of salmon with sorrel, fillet of turbot with chanterelles mushrooms and noodles and sea bass with a beurre blanc. The house speciality was profiteroles filled with ice cream and a hot chocolate sauce. Cheeses are excellent. Across the road is one of Paris's oldest, and most picturesque, patisseries, Au Fanelet. Cost is £25-£30 per head as long as you stick to their good cru. Beaujolais served in pitchers.

Dinner, *L'Ami Louis*, 32 Rue de Verbois, tel 48 87 77 48.

This restaurant which, in its 60 years, has been owned by the original Louis, then Antoine and now by a younger Louis, manages to do things I have seen nowhere else in the world.

Your coats are taken and thrown on to a shelf that runs down both sides of the dining room (the gap between the two lines of tables is exactly the width of Louis's shoulders) the descent to the lavatories in the basement the steepest I have ever navigated (do not let go of the rope handle) on the dining tables napkins almost the size of tablecloths are provided and French bread, sliced horizontally and grilled is borna to your table as a six-inch tall edifice, only outdone by the frites which arrive, in the shape of a beehive.

All the cooking is done on an ancient, wood fired range. When I was introduced to the chef as a former restaurateur the only question he asked was whether my stoves were wood-fired. He walked off in disgust when I told him they were gas. There is no concession whatsoever to vegetarians. The only accompaniments to the massive plates of food are a simple green salad and watercress for a garnish.

L'Ami Louis is run on three principles. Firstly, it buys only the best ingredients irrespective of cost. Then it cooks them simply and serves them with unflinching generosity. My roast chicken, cooked with as much butter as chicken, was moist and delicious. Snails and slabs of foie gras were large, and the potato cake that arrived smothered in garlic underneath the confit of duck was unforgettable, particularly as I had to steal it, morsel by morsel, from my friend's plate. Louis's customers respond to this generosity by ordering magnificence of red from a newly-improved wine list. Dinner costs approximately £60 per head.



Château de Crouseilles in the Pyrenees

## A taste of the Pyrenees

**N**ORTH of the Atlantic-side Pyrenees, inland from Biarritz and Bayonne and within the big arc of the river Adour, is one of the most unspoiled parts of France. A visit based on Pan, Aire-sur-Adour, St Jean Pied-de-Port and the charming (if faded) small spa town of Salles-de-Béarn provides access to some small wine districts that are re-establishing themselves after decades of decline following the phylloxera ravages of the last century and the subsequent economic difficulties.

Madiran and Jurançon have always managed to keep afloat and now have some enterprising private growers, but the region is dominated by co-operatives - without which few growers would have survived. All producers have a lively *vente directe* trade.

The red wines are dominated by the tough, tannic Tannat grape but softened by Cabernet Sauvignon and Franc, and the whites are made from a number of local varieties, notably the Gros and Petit Manseng, the grape of Jurançon, the Petit Courbu, the Arrufiac and the Baroque. Tucked into the Pyrenees in the heart of the Basque country near the Spanish border, the 170 hectares of mountainous vineyards is claimed to be the smallest *appellation contrôlée* district in France. It is certainly among the most attractive, with St Jean-Pied-de-Port the walled local capital. Mainly red; most of the wines are made by the co-op in St Etienne de Béarn, but the leading private firm is Brana in St Jean which makes a dry white too, as well as distilling delicious *Foutre* William from its own orchard. In Irouleguy, Barria, a small grower, makes excellent Tannat wine.

Béarn-Bellocq. To the north of Irouleguy and centred on Salles-de-Béarn, this small district is best known for an attractive rosé, made two-thirds white from Gros

Manseng and another local grape, Raffait de Moncade, which has a slight sweetness on the palate. The main co-operative's red wine brand, unsurprisingly in this region, is named Henri de Navarre.

Tursan. Thirty miles north of Pau and based on the small town of Geaune, this is a VDQS rather than an AC district. The production is 50 per cent white and 50 per cent red, 90 per cent of this is made by the co-op. The red wine is Tannat blended with the two Cabernets, while the mainly Baroque white is a fairly strong, countryish but fresh wine. Michael Guérard, proprietor of the famous spa restaurant and hotel in nearby Eugène-les-Bains and the inventor of *cuisine minceur*, is a distinguished member of the co-op. He has his

## The wines of south-west France interest Edmund Penning-Rowsell

own 10 ha of white wine which is served in the restaurant. The British agent is Corney & Barrow, London, EC2.

Jurançon. The village is a suburb of Pau and the big co-op is in adjoining Gan, but most of its 600 hectares are to the south and west. The often spectacularly steep vineyards are on the first abrupt folds of the Pyrenees: lovely country threaded by a web of lanes. Until the 16th century Jurançon was red as well as white, but now is only white, made from the Gros Manseng for the dry and the Petit for the moelleux which is the district's delicious claim to fame. Sec was largely developed after the second world war, when sweet wines went out of favour. Tanners of Shrewsbury list this excellent Domaine Latrille's sec Ch Joly's '90 at £7.16 and the '89 moelleux at £7.19.

Madiran. Twenty-five miles north of Pau, this is the largest and most distinguished AC red wine producer of the area, with nearly 1,300 ha and 50 owners who bottle and market their own wine. It is the centre of Tannat country, accounting for 70 per cent of output, with the two Cabernets forming the balance. Three co-ops make most of the 550,000 cases of AC wine - although even today only 10 per cent is matured in oak. By the standards of the region there are several large estates. The biggest is Ch Montus and Ch Boucassé with a combined 60 ha, owned by the energetic Alain Brumont, followed by the Laplace family property of Ch d'Ayde with 45 ha. The other leading vineyards include Chapel Lenclos, Dom Berthoumieu and Lafitte-Peston. There are strong local efforts to improve quality and limit grape yields, as well as united promotional efforts to improve the image of this historically celebrated deep-coloured, bold, full-flavoured wine. A small amount of dry white is produced under the somewhat hard-to-sell name of Pacharene du Vie Billa, but it is welcome in the region's restaurants. In the UK Madiran comes and goes on merchants' lists, but deserves more exposure.

Saint-Mont. Much the largest district, covering a wide area in the south-west of the Gers department, to the north of Madiran and the east of Aire-sur-Adour. It only acquired VDQS status in 1981 and is dominated by a union of three co-ops in Saint-Mont, Aignan and Plaisance that sell a large proportion of the 11m bottle output under the name *Playmont*, with Collection Playmont reserved for the better qualities. About 90 per cent of their production is the popular Vin de Pays Côtes de Gascogne, and a quarter of all Madiran is made at Saint-Mont. The top wine is the Tannat/Cabernet Ch de Sabazon, adjoining the finc, turreted 15th century castle.

## Enough to tempt a saint

**I**HAVE always had a soft spot for St Francis Xavier. He had a tough enough life, wandering around the Far East long before the days of decent hotels. And death did not bring peace; far from it. His fellow Portuguese decided that Francis, being the great man he was, should be shared around.

There must be more parts of Francis spread around the world than any other saint. A hand in Macau, a leg or foot in Goa. A substantial slice of him in Lisbon. Various parts rumoured to be in Africa.

And so we move from saints to stomachs. The connection is simple. I was climbing a hill above the town of Malacca, on Malaysia's west coast, getting the juices flowing in preparation for a slap-up meal.

St Francis was buried in Malacca for a few months before being carted off and cut up. There is a statue to him on the hill (one hand is missing). Having paid my respects, the main business of the evening began.

Malacca is the home of nyonya food, one of the world's great, but least-known, cuisines. Nyonya, basically, is a delicate blending of Chinese, Malay and Indian. Lest anyone think this might be yet another example of composite cuisine, along the lines of spaghetti and chips or souvlaki and peas, it should be stressed that nyonya has been around for a considerable time and has developed an identity very much its own.

At about the time in the mid-16th century that St Francis, still in one piece, was doing his eastern rounds, Chinese immigrants were drifting south into Malay waters. They settled in what later became the Straits settlements: Penang, Malacca and Singapore.

Many inter-married with locals and, over the generations, local customs were adopted. The women - the nyonias - wore the Malay sarong. The men - called babas - built houses mixing both Chinese and local architecture. Known collectively in Malay as Peranakan, many became wealthy members of an emerging merchant class. They developed their own Malay-based patois.

There are still plenty of Peranakan in Malacca today. Some of the architecture still survives. But the food is the most enduring feature.

To call the recipes complicated is an understatement. A traditional nyonya would take hours to prepare a meal. Like all great cooking, instinct and approximation are far more important than rules on ingredients and detailed measurements. In Malaya, this loose cooking style is called *agar agar* - equivalent to "a pinch of this and a splash of that."

There are leaves and nuts from Indonesia. Spices - plenty of them - from Malaysia, India and Thailand. Dried fungus, called Cloud's Ears, from China. Yellow rice with hard-boiled eggs dyed red. Coconut and tamarind. Shrimp paste and blimbing (a small, sour fruit). All these, together with fish, chicken, beef or other dishes, are mixed to make a lip-smacking meal.

A nyonya feast might start with *otak-otak*. In Malay this means brains but it is, in fact, fish cake mixed with coconut and other dishes, are mixed to make a lip-smacking meal. Then you could move on to such dishes as nyonya laksa, (noodles with prawn paste featuring liberal helpings of chillies and other spices, dried fruits, lime and pineapple), beef rendang (dried beef with a sauce capable of ringing alarm bells down at the fire depot) and perhaps a nyonya-style fish-head curry.

On no account should one sidestep the pudding. The Peranakan are hearty believers in

## A man of many parts inspires Kieran Cooke's choice of food

their *kueh* - small cakes and jellies, usually either stuffed or covered in coconut, sometimes both. For something truly local, *gulam* Malacca should not be missed: sago pudding cooked in brown sugar and coconut milk.

The meal is best washed down with liberal amounts of tea. A cooling beer is excellent to have afterwards, relaxing in a cane armchair under a fan. Wine, up against all those far stronger tastes, is a waste of money.

There are those who might want to rush out and try a bit of nyonya *agar agar* for themselves. My advice would be to save up and go to Malacca instead. Two excellent restaurants are ready and waiting. One, the Peranakan House in Cheng Lock street, is in a traditional Peranakan house. Such is the noise level in many restaurants in the East, conversation can be very limited. But here there is peace and quiet - and great food.

The other restaurant, a sister to the one in town, is in an old Chinese mansion at Klebang Besar, about five miles out on the coast.

I assume that Francis is up there, tasting the succulent fruits of heaven. But it is a pity he could not have stayed together longer - in body and soul. Even a saint might be tempted by nyonya food.

## Cookery / Philippa Davenport

## Cheap, fresh - and quick

tribution tend to fall flat. Prepared on too large a scale to bear the imprint of any one cook, and more concerned with shelf life and uniformity than good textures and tastes, they lack any real character.

Blessed are those who live in neighbourhoods with a friendly deli-cum-traiteur selling good hot food. Charcuterie, cheese and salads are all very well in summer, but body and soul need something more warming in unpredictable March.

Such shops, usually owned privately, tend to cater the way we do at home. Fresh foods are

cooked today for eating this evening. Recipes are personal and flexible. Pots are stirred and tasted, with ingredients added and seasonings adjusted along the way.

For those without a shop like this, self-catering seems the only solution. The quicker the recipe, the better when the cook has already put in a hard day's work at the office. And many people will agree that spending a little more than usual on ingredients is well warranted when you want a good meal - fast.

To major on such ingredients

as scallops, steak, duck breast or calves' liver could strike you as extravagant - but is it? In practice, home-cooked dishes using these are likely to cost no more than mediocre meals from high-street multiples.

If, on the other hand, you cook a quick recipe based on such ingredients as chicken livers, herring roes, mackerel or pasta, you can enjoy a high-speed meal at bargain basement prices - just right when Budget day looms.

**SALMON UNDER A CRUST** (serves 2)

A green vegetable such as

broccoli, lightly-steamed spinach or French beans, goes well with salmon cooked this way.

Ingredients: 1 tail fillet of salmon weighing 8-9 oz; 1½ oz fresh bread crumbs; 1 small shallot, the finely-grated zest of half a lemon; 1 tablespoon each chopped chives and parsley; 1½ teaspoons chopped tarragon; extra virgin olive oil; freshly-squeezed lemon juice.

Method: Chop the shallot finely and soften it in 1 tablespoon of olive oil. Away from the heat, add 2 teaspoons lemon juice, then stir in the crumbs, lemon zest, herbs,



some salt and pepper.

Skin the salmon and brush it all over with a scant teaspoon each of olive oil and lemon juice mixed together. Lay the fish, skinned side up, on a grid laid across the grill dish in which you will serve it, and grill for about 4 minutes under moderate heat.

Turn the salmon, then sprin-

kle and press the savoury breadcrumbs lightly over it. Never mind if some of the crumbs fall off the fish into the dish; they won't be wasted. Slip the dish back under the grill and cook for 3-4 minutes more until the salmon is just cooked through, but still moist and tender, under a crust.

**MUSTARD MACKEREL** (serves 2)

This is an even more effortless recipe. It comes from Nigel Slater's *Real Fast Food*, about which I enthused in my Christmas round-up of cookbooks and which has been shortlisted for the Andre Simon award.

Ingredients: 4 mackerel fillets (2 mackerels); 2 tablespoons whole-grain mustard; 1 tablespoon olive oil; the juice of half a lemon.

Method: Oil a shallow oven-proof pan lightly. Mix the mus-

## CLARETS AND VINTAGE PORTS WANTED

We will pay auction hammer prices. Payment immediate. Please telephone Patrick Wilkinson 071-267 1945

WILKINSON VINTNERS LIMITED

41 Constance Rd London NW8 2LN



# HOW TO SPEND IT

Lucia van der Post keeps her nose to the ground in search of carpets — and finds some which are simply too interesting to go on the floor

## Pulling the rug from under your feet . . .

FOR MANY people rugs are more than just a floor-covering — they are an art-form, beautiful, useful, and once hooked, collecting them becomes a life-long obsession.

Buying rugs is fraught with traps for the ignorant or the unwary but for those who long to know more about them, Alastair Hull and José Luczy-Wychowska have just produced a sumptuously illustrated book — *Kilim, The Complete Guide* (Thames and Hudson, £36) — which looks at their history and origins, and the varying techniques and designs that go to make them up.

Besides being a visual guide to the multifarious designs found in these beautiful flat-weave carpets, questions such as how to collect and care for them and where to find a dealer have been addressed. Anyone embarking on even the simplest purchase would do well to buy this book first.

When it comes to buying rugs it is as well to define what

you really want. Those, for instance, who are looking for attractive, affordable floor-coverings rather than rare works of art might like to know about David and Sarah Richardson who have set up a carpet shop in Sussex (26 Southgate, Chichester, Tel: 0243-633025). They specialise in offering well-made, affordable modern rugs. They do get the occasional antique and are always happy to look out for special pieces for customers but the bulk of their stock is modern rugs from Turkey, Persia and Afghanistan.

They buy directly from Turkey to keep the prices as low as possible and all the rugs are made in the traditional way — hand-woven, hand-knotted, from good quality wool using natural dyes. Some are slightly sun-faded as the current taste runs to colourways that are gentler than the dyes.

The Richardsons buy from three main carpet-producing areas — Döşemealtı (lots of reds, blues and bottle greens

with touches of ochre), Kars (in the Armenian part of Turkey where the rugs are based on old Caucasian designs — very bold but in soft, rather pastel colours as in the rug photographed below right) and Milas in Anatolia (here designs are often based on stylised tree-of-life motifs or flowering diamonds within a prayer-mat format).

You could buy a small rug (4 ft by 2 ft 6 in) for about £110 while for about £400 you could find a 7 x 5.

Apart from the rugs, the Richardsons sell kilim covered furniture, everything from footstools (starting at about £110) to sofas. When in Turkey they buy worn rugs and always have a supply so that customers can choose something to suit their own schemes.

Another supplier worth knowing about is Christopher Legge Oriental Carpets, of 25 Oakthorpe Road, Summertown, Oxford. He is the chap to go to

for old tribal and village rugs, whether Hamadan, Belouches, Afghans, Qashgais, Turkomans or Cossacians. Like everybody else, though, he has found the supply of quality old rugs dwindling and he also sells top-class modern rugs such as Gabbeba from Iran and those made under the Dohag project in Turkey (Dohag being a government initiative to reintroduce traditional methods of weaving and dying).

Prices range from small mats costing between £40 and £50 and a large old piece selling for £5,000. In between you could find a 3 ft 4 in by 2 ft 5 in rug for £195, a 5 ft by 3 ft 7 in for £395 and an 11 ft by 7 ft for £2,500.

Christopher Legge will also clean and restore. Cleaning costs £35 a rug up to 24 sq ft and thereafter 50p per sq ft (plus vat).

Stothert Kilim Covering is not so much a source of kilims, more a place to go for kilim-covered furniture. A wonderful way of using rugs

that are too old or frayed to survive underfoot. Stothert will use any of your own pieces for covering cushions, pouffes, sofas, stools or chairs. For those who do not happen to have any dilapidated rugs Stothert is also offering all his designs covered in his own kilims.

As you can see from the photograph here (bottom right) the pouffes make exceedingly attractive portable informal seating and doubles as an informal table, as well, somewhere useful to store the magazines or newspapers, hold the cup of coffee or rest the legs.

Kilim cushions start at £14.30 for the smallest and go on up to £56 for the largest, the pouffes start at £105 for the 18 in by 12 in high size and up to £285 for the largest, 34 in by 14 in.

Equivalent prices if you supply your own kilim (or indeed any other fabric, for kilims are not obligatory) are £22 and £124.

Armchairs are £725, while two-seater sofas are £1,300. For those who have had enough of kilims, it is worth knowing that Stothert also offers a range of tartan cushions, neatly finished and piped for prices starting at £14.30. Stothert Kilim Covering operates from Saltcote House, Glasson Dock, Lancaster LA2 0BS. Tel: 0524-844078.

Finally, if you have a rug or carpet, no matter how modest, that is showing signs of wear and tear, that has suffered the usual fate of carpets in households where real-life goes on, then you might like to know about Behar Profex. A family business started some 80 years ago, it cleans, renovates and restores.

While it does a lot of grand work, restoring treasured heirlooms and valuable museum pieces (English Heritage, the National Trust, Christie's and Sotheby's are all customers) it is equally happy to take on pieces of more modest lineage.

The company will do everything from a simple cleaning job to a full-scale restoration; it has restored a rug nibbled by mice, and removed stains from a collection of Turkish rugs stained by flooding.

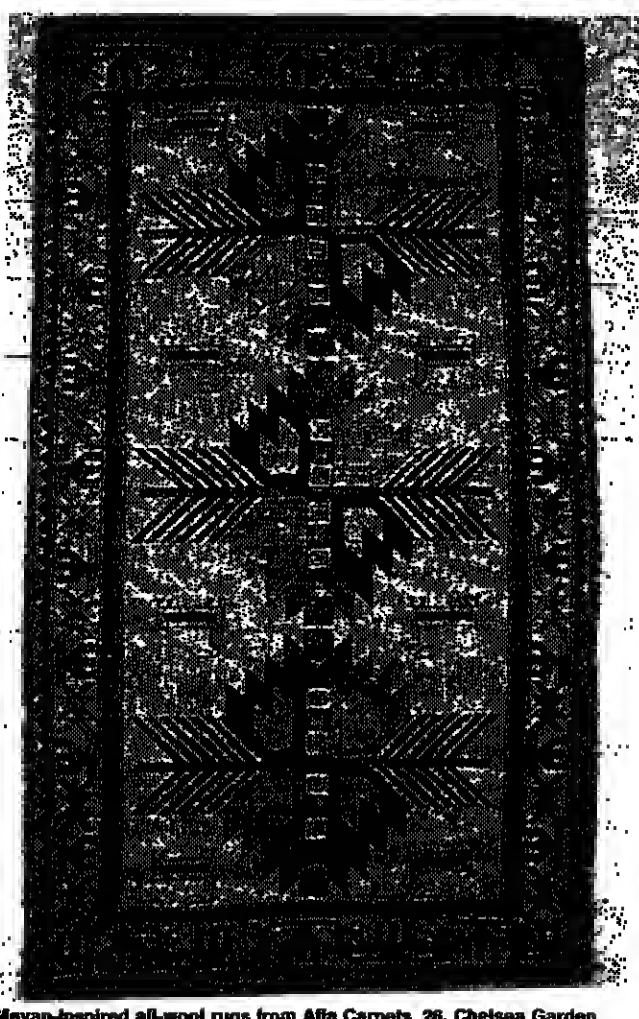
Prices vary according to rug size and complexity of work but the starting price for cleaning a small rug would be about £50. Contact Behar Profex at The Alban Building, St Albans Place, Upper Street, London N1. Tel: 071-226-0134.



David and Sarah Richardson surrounded by a selection of their wares in their Chichester shop



Modern Turkish rug from Kars, 6 ft 5 in by 5 ft 4 in, £520 from David and Sarah Richardson



Mayan-inspired all-wool rug from Afia Carpets, 26, Chelsea Garden Market, Chelsea Harbour, London: 4 ft 6 in by 6 ft 7 in (£608), 5 ft 6 in by 7 ft 10 in (£854) and 6 ft 7 in by 6 ft 6 in (£1,207)



Kilim-covered pouffes (£285 for the large size, £105 for the small) from Stothert Kilim Covering

## Open house on design solutions

IF YOU are interested in the latest looks for hearth and home than you might like to know that, from March 21 to 25, 24 showrooms in Chelsea, London, will be holding open house from 10 am to 5 pm every day. All you need to do to join the design extravaganza is to visit any of the participating companies — there you can ask for a pass and from then on be transported from showroom to showroom courtesy of Vauxhall Motors.

Companies range from old-established and respected traditionalists such as Colefax and Fowler and Nobilis-Foxton to more recent arrivals on the decorating scene such as Jane Churchill and Beaumont &

Fletcher. All will be showing the latest hot looks for the house. If you want details on Chelsea Design Week (as it is called) write to Chelsea Design Week, 12 Billgate Place, London, SW12 9 ER enclosing an a.s.e.

Heated mirrors sound like one of those simple ideas that leave one wondering why nobody thought of it before. We all know that irritating moment after a good hot bath or shower when we find the mirror is all steamed up, making shaving or putting on make-up becomes hazardous.

Now Malcolm Syme has developed a range of heated mirrors — as pictured below right — which solve the problem. Connected to the

lighting circuit, each mirror has a heating element which starts warming the glass when the light comes on and so prevents it steaming up. They come with or without primed, pine or "old gold" frames, with their own Razonlight, or plain so that you can choose a surround of your own.

Sizes are 420 mm wide by 500 mm high, 515 mm wide by 590 mm high or 420 mm wide by 565 mm high. Prices start at £299.95 and include instructions, two screws and one electrical connection. The mirrors are available at Solagies of Coventry and Dawson & Gibbons, 55 Red Lion Street, London WC2 as well as by mail from The Heated Mirror Company, Sherston, Wiltshire SN16 0LW. Tel: 0666-840003.

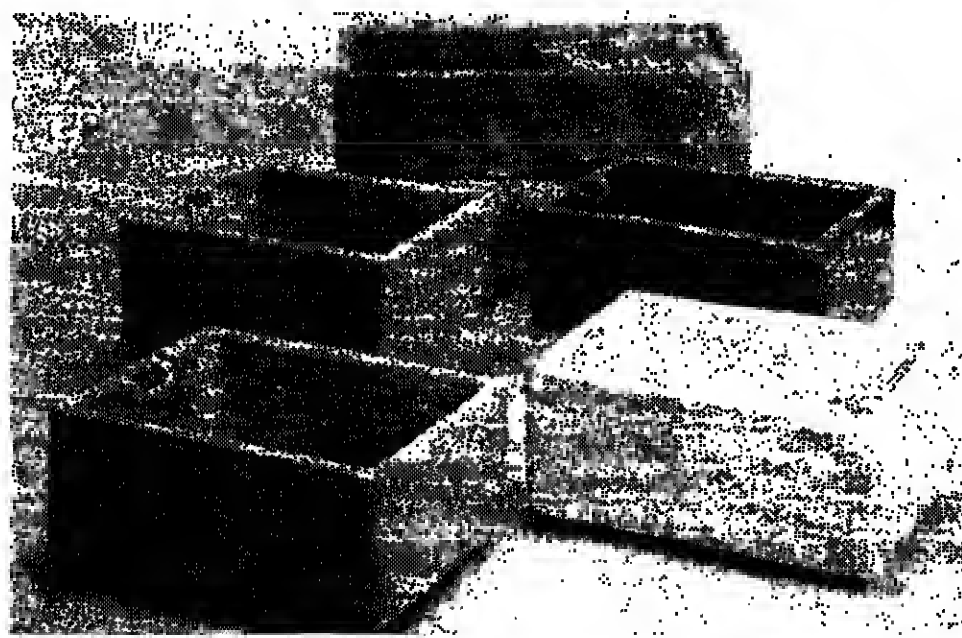
Traditional Belfast Sinks — solid, plain, sturdy, as pictured above right — are much sought after in certain decorative circles. Some prefer them plainest of all in white but there is now a range of colours and sizes to choose from. From the smallest, 24 in by 18 in by 10 in to the largest, 36 in by 18 in by 10 in.

Buying Oriental Rugs?

### ORIENTAL RUGS

Buy through long-established International Brokers and save serious money

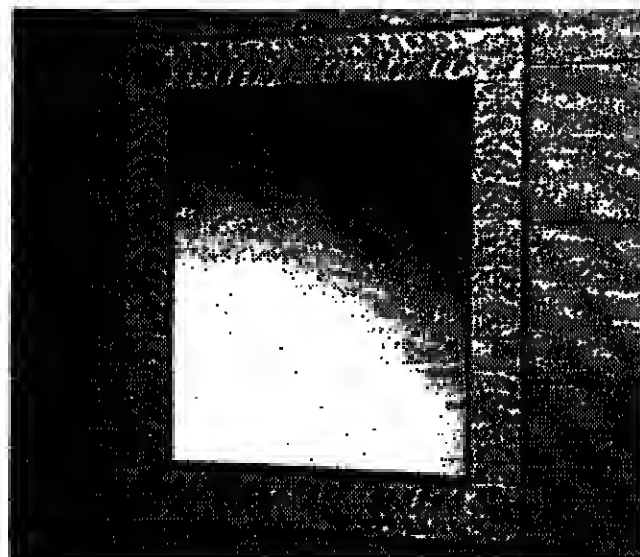
Free 24 page guide to all the tricks of the trade  
Phone 0275 333699  
or write to Scott Walker  
The Lochan House  
Chew Stoke BS18 8YB



18, they come in Delft blue, ivory, stone and cane. Prices range from £72.64 to £180. For details contact Ceramic Traditions, Bullers Lane, Huddersfield, Lancashire BB3 3 NX. Tel: 0254-761500.

For those who love antique linens but have neither the time nor the know-how to track them down Penny Kempton has the answer — she has a range of bedlinen made to her specifications in China, all based on authentic antique designs. Many are replicas of Edwardian and Victorian designs, all are hand-worked and most include hand-embroidery, drawn threadwork or crochetwork.

Penny Kempton started commissioning antique designs because of ever-increasing prices and the difficulty in tracking down original antiques. Everything is pure linen, which means they are not cheap but they are good value — a linen top sheet costs £199 and a linen pillowcase with drawthread work and crocheted edging is £34. There are embroidered



duvet covers (from £94 for a double) with matching pillowcases (from £22 for standard, or £23 for continental size of 26 in by 26 in) as well as hand towels, place mats, napkins and the like. They can be bought by mail (a free brochure is

available from Penny Kempton, Antique Designs, Orchard Farm, Antrobus, Cheshire CW9 6JY, tel: 0565 777376) or from 50 stockists in the UK. Ring Antique Designs for your nearest one.

LydP

Peninsula's rooftop pool

has the only

lanes in New York

that aren't jammed.

THE PENINSULA  
NEW YORK

SHARE THE EXPERIENCE

The Peninsula Hong Kong • Manila • New York • Beverly Hills  
The Palace Hotel Beijing • The Knickerbocker Hotel Hong Kong

COLLINGWOOD

Announce a

### SPECIAL SALE

prior to the refurbishment of their premises.

3rd March to 3rd April 1993, 10.00am to 5.30pm

at Collingwood & Company.

171 New Bond Street, London W1.

COLLINGWOOD WILL BE DONATING A PROPORTION OF THE PROCEEDS FROM THE SALE TO THE BRITISH RED CROSS "LOT OF GOLD" AFFAIR, LAUNCHED ON 15th OCTOBER 1992 TO HELP BENEFIT THE DESPERATE FIGHT OF THE PEOPLE OF SOMALIA.

COLLINGWOOD & COMPANY LIMITED, 01 499 5411



## FASHION

# Grunge to grab the grown-up glamour girls

*The shock value has been tamed, but faded and floppy is still the in thing, says Avril Groom*

**A**RE YOU frightened of flares? Does grunge fail to grab you? If that is how you feel about this spring's much-hyped floppy, faded look, think what it is like for the stores which have to try and sell the clothes.

The young, who will embrace this 1970s-inspired style with open arms, will go for a mix of chain store, DIY and second-hand. But real spending power lies with a more sceptical, conservative market. Many will remember a similar look from last time round and will take some convincing that they want to wear it again. So the problem presently exercising minds among hiving and display departments is "grunge" for grown-ups - how to make it wearable.

Buyers for leading stores all believe that there is a market and that by summer the customer will forsake power tailoring for a softer, layered, more muted style - provided it is presented in a way which she finds believable.

Quite why British women of a certain age should wish to express solidarity with a look that originated in young street musicians from Seattle and avant-garde designers from Paris venting their anger at the consumerist values of the late 1980s may look like one of

fashion's mysteries. But it is a classic example of the way in which trends evolve. An idea with shock value, often politically-motivated and created by improvisation, catches the imagination of designers with street credibility, who use it in their collections to attract media attention. The consumer thus becomes aware of it and, by the time it is filtered through the modifying hands of mass-market manufacturers, she is used to seeing it and happy to wear it.

The consumer probably knows little and cares less about its philosophical origins but according to Ruth Chapman of Matches in Wimbledon, south west London, an experienced filterer of trends: "She knows something new is happening and she wants to be in there".

Besides which, seeming unaltered to current trends could imply that you are out of date in other areas of your life including - horrors! - your profession, hence the pressure to adapt to the new.

The shops are under another pressure - the simple one of meeting sales targets. It is up to them to make a radical idea irresistible to the shopper. Geraldine James, designer separates buyer at Harrods in London, has found this easier than expected. Initially somewhat



suspicious of the grunge look, she has found herself "re-ordering flares and flower-sprigged frocks each week since the sale ended. People are delighted to find a really fresh look after years of the short-skirted suit."

The outfit she put together for us - black flares, a ruffled shirt and patchwork sleeveless jacket - may look quite extreme but, as she points out, it is open to many interpretations.

"You can take each element separately," she says. "Flares are a basic component but try

them in a soft fabric like crepe or jersey, which won't grip your upper thigh or jut out abruptly, with a long, fitted jacket already in your wardrobe. Look critically to check the proportions are right. The soft shirt can go under the same jacket. Patchwork is a strong 1970s theme but a lot of people already own a plain sleeveless jacket or waistcoat which can go with that soft shirt."

It is, she says, a question of rethinking an existing wardrobe rather than investing

heavily in new pieces. "Find something with a soft, lacy or transparent effect to go under your jacket, rather than a crisp shirt. And most people already have a flowery frock, so now think about layering it - putting a skinny T-shirt under and a little waistcoat or cardigan over."

For Ruth Chapman, softness is the crucial point. "My customers will see grunge as ease and fluidity rather than that scruffy wait-like look. The one essential buy is a floppy cardigan or waistcoat to replace the jacket. Wear it over soft layers, preferably chiffon, and you have a new, very feminine look which men far prefer to power dressing. I think a smart silk cardigan looks just as good for work as a tailored jacket. Mixed print is also a strong look which is fine as long as you stick to two neutral colours like black and beige or navy and white."

At Fenwick, "accessories make the look," according to Cathy Harris, buying manager. "You can go as little or as far into the 1970s thing as you want just by adding accessories to a few basic pieces such as a print frock or wide, soft trousers. That way you update without spending a lot."

"The basics are hats - floppy-brimmed straws or crocheted berets, a long scarf tied round head or neck, long ropes of glass beads, wire-framed or small-lensed sunglasses and espadrilles or clogs. But whether you allude to the style with one item or load the lot on is a matter for the individual."

Joseph Ettedgui, of Joseph, in London's Brompton Cross, believes that the aesthetics of proportion will win women over to the softer look. "You only have to try on shoes with a small platform to realise they look better with wide, soft, maybe even flared, trousers," he says. "The easiest way to get the look is with knitwear because it is so soft. We have done knitted flares with a skimpy waistcoat top to give the right proportions. But we have also put the same unreconstructed details, like seams on the outside, on more conventional shapes."

Even chain stores are on the soft and floppy handwagon. Marks and Spencer is doing brisk business with flares, while Principles set the tone well with a spring brochure full of ruffled-collared jackets and soft fluted dresses.

But, as the so-called supermodels are discovering, it is not just the clothes that set the look. "Big hair" is definitely out, but if the prospect of lank, centre-parted locks is just too dreary, a smooth bob to the collar or shoulder-length looks good, as does a short feathered cut if you have the requisite gamine bone structure.

Make-up is as soft as chiffon, with pale or brown-tinted lipstick and plummy, Biba-esque eyeshadow colours applied with the lightest of touches. But painted-on lower lashes and false eyelashes should remain the preserve of those for whom the 1970s are a new trip.



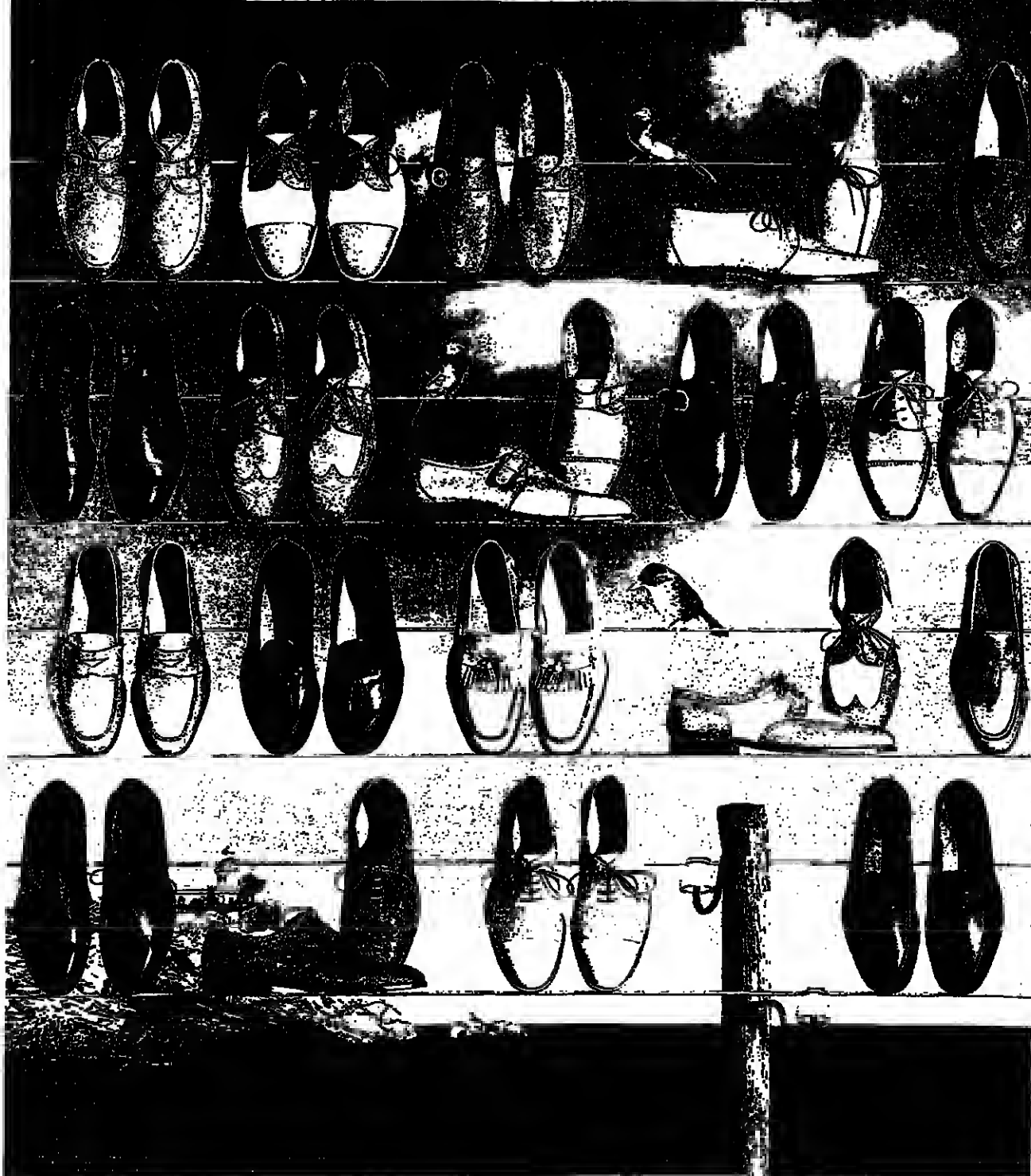
Above left, viscose/polyester jacket, £129, and matching trousers, £55, both by Grace; scarf by Jane Shilton, £9.95, all from Fenwick, New Bond Street, London W1. Hat, £130 from Herald and Heart Hatters, 131 St. Philip Street, London SW8. Above right, patchwork silk waistcoat by Tom Gilbey, £295, shirt by Future Ozbek, £165, stretch flares by Vertigo, £105, necklaces, £15.30 each, all from Harrods, Knightsbridge, London SW1. Cork-soled clogs, £45 from Shelly's, Oxford Circus, W1 and 081-450-0066 for mail order.

Left, silk chiffon blouse by Jasper Conran, £295, chiffon skirt by Byblos, £330, cashmere waistcoat by TSE, £132, jersey body by Future Ozbek, £100, all from Matches of Wimbledon, SW19. Crochet straw beret by Gabriela Ligenza, £35 from Harrods.

Right, tricot/polyester crêpe jacket, £149 from Principles branches. Knit top by Sportmax, £39, polyester viscose flares by Charles Gray, £49.95, sunglasses, £24.99, all from Fenwick. Silk scarf by Kenzo, £90 from Harrods.

Left, linen knit waistcoat by Nicole Farhi, £129, viscose dress by French Connection, £59, both from Fenwick. Body by DKNY, £105, wooden cross necklace, £15.30, shoes by Carvala, £59, all from Harrods. Make-up by Lucie Llewellyn. Hair by Matthew Cross at Nicky Clarke, W1. Photographs by Ken Niven at the Langham Hilton Hotel, Portland Place, W1.

## ROSSETTI MEN'S COLLECTION THE HOT LINE TO STYLE



French Rossetti Boutiques  
LONDON 175 New Bond Street,  
W1 - Tel: 71-401766  
LONDON 100 Strand Street,  
WC1 - Tel: 71-200297  
PARIS 140 Rue de la Harpe,  
75005 PARIS, FRANCE

HONG KONG, TAIPEI,  
MILANO, ROMA, FIRENZE,  
TORINO, GENOVA,  
BERGAMO, VENEZIA,  
VENEZIA, RARI, LAZIO,  
COURMAYEUR,  
PORTO CERVO

LONDON Harrod's  
LONDON Laura's  
LONDON Maryn  
LONDON, Selfridges

ROSSETTI

A CERTAIN WORLD WALKS IN ROSSETTI

**NORTON & TOWNSEND**  
Made-to-Measure Service wherever it suits you

- All wool hand cut and finished made-to-measure suits from £275.
- Whether at home or in the office we offer a superb selection of styles, colours and fabrics (business or country).
- Have one of our trained measurers take the strain out of buying a new suit.

Call 071-735 4701 for a brochure or an appointment.

London, Middlesbrough, Essex, Herts, Beds, Bucks, Cambs, Surrey, Sussex, Kent, Hants, Yorkshire, Gloucestershire, North East, North West, Edinburgh, Glasgow, Borders

The feeling you only get from cashmere.

Ladies Cardigan £295. Mens Cardigan £295.  
Ladies Intarsia Sweater £395.

**The Scotch House.**  
FEEL THE DIFFERENCE

2 St James's Road, Knightsbridge, London SW1.  
84-86 & 141 Regent Street, London W1.  
94-96 Princes Street, Edinburgh E12.  
64 Buchanan Street, Glasgow G1

For mail order information please telephone 071-561 2151



FASHION

Dressing for the Professions - The Banker

# Hats off to the City sober-sides

Only a fool would pretend that how you dress does not matter. And nowhere is it more important than in the workplace, where your clothes send out a clear message to colleagues and clients. Every profession has its own nuances. To the outsider they may seem arcane, even pointless; to the insider they show fine distinctions of attitude. Here Richard Rawlinson, in the first of a new series, cracks the code of City Man — and City Woman.



Tony Andrews

THE CITY'S equivalent of the bra-burning woman of the 1960s was the merchant banker who left his bowler hat at home. In the City of London, social revolution stands aside for subtle evolution. But evolve it does, and the transition from the extravagant Eighties to the nervous Nineties is as clearly defined as the stripes on a New & Lingwood shirt.

Gone are the wide red braces inspired by Gordon "Greed is good" Gekko of the film *Wall Street*. Gone, too, are the brashly-coloured silk linings of power-shouldered suits. The popular image of the yuppie, making easy money over the mobile telephone while driving his Porsche down the Strand for a four-hour lunch at the Savoy, is now a distant symbol of the Thatcher decade.

The Square Mile of today is a much more sober place than it was a few years ago. A combination of enduring recession and a string of high-profile fraud scandals has transformed bankers into a more humble breed, reflected by their increasingly sedate dress codes.

The cult of the individual is eschewed in favour of faceless, corporate operators. When a young and snappy Warburg Securities employee inadvertently appeared in a photograph on the front page of the *Financial Times* at the launch of the British Telecom privatisation, he was reprimanded by a superior. Flamboyant dressers are suspected of egotism and rebellion and, with

fewer jobs on the market, bankers can see the sense of keeping a low profile and presenting themselves to clients as studious advisers.

Bold pinstripes have been toned down to chalkstripes or to navy or grey herring-bones and grey birds-eyes. Prince of Wales checks, which crept in among a few daring bankers in the 1980s, are now reinstated as spectator sportswear. If any British banker envied US counterparts at Goldman Sachs and Chase Manhattan their summer suits in cool cotton tan, they have now lost all hope of ever being accepted at work in such informal attire.

Wide striped shirts have also given way to narrow stripes or plains in pale blues, pinks and creams. Classic gold cufflinks are now preferred to the frivolous Mickey Mouse links of yesteryear. Gentlemen's grey socks have replaced the once familiar flash of garish colour between polished,

black Church's shoes and trouser turn-ups. Only ties remain as the last bastion of self-expression, with circus animal prints by Hermès — or imitations by Thomas Pink — replacing polka dots and paisleys as the ultimate in City chic.

Lazards merchant banker Simon Pryce confirms that what was *de rigueur* a few years ago is no longer acceptable. "A colleague wears a paisley-backed waistcoat which is considered outrageous," he says. "While there is still a lot of money in the City, the emphasis is away from flaunting wealth towards buying well-cut, well-made, classics which will last a long time."

In a nutshell, the understated style of the traditional British gent, which has always reigned supreme among the predominantly public school and Oxbridge-educated City establishment, is back on top. While some younger bankers were carried away on a wave of internationalism

during the designer decade, they have now come back to their roots.

However, it is, perhaps surprisingly, not Savile Row and Jermyn Street which are the main beneficiaries of the preeminence of *le style anglais*. The emergence of small bespoke tailoring businesses — usually run by enterprising county girls operating from Fulham — are catering for busy bankers by taking business to their offices. Similarly, mail order shirt companies such as James Meade are increasingly popular among people who have little time for high street shopping.

Gerry Grimstone, senior director of Schroder Wagg, has his suits made by the similarly named Georgina Grimston, whose company employs former Savile Row tailor Leo Costanzo, formerly of Huntsman and Henry Poole.

"People want better value for money as well as quality," he says. "They also want the convenience of

being fitted at work or at home instead of having to waste a Saturday afternoon at the tailor." Georgina Grimston's suits sell from £600 to £900 with an extra pair of trousers, compared with Savile Row price tags of around £1,500.

Rosemary Richards, another tailor, confirms the renewed conformity in City dressing but adds that suggestive selling during fitting sessions can lead to clients risking more adventurous styles. "Most bankers say they just want to look like everyone else in the office, but when we say that the narrower leg is back in fashion and that single breasted suits are more popular than double breasted ones, they often agree to experiment with cut."

The status quo does not change very much when applied to women in the City, even though there are fewer rules dictating their appearance. While some overtly fashion-conscious women hold senior posi-

tions, most adhere to the men's uniform of suits and pale shirts. These are then usually accessorised with reassuring pearls and flat, black, patent leather court shoes.

Penny Scott, corporate finance manager at Hambros, says: "I don't want to go into a meeting and be noticed for ostentatious clothes. I want to be noticed because I do what I do well. If I wore a short skirt, people would think about my legs and not my brain."

Scott owns eight bespoke suits ranging in colour from plain grey, blue and olive green to a cherry red jacket with a black velvet collar which is teamed with a black skirt. "I may wear a dress if I am dining with clients in the evening," she says, "but separates are more practical for work. They can be mixed and matched and do not require as much dry cleaning."

Pressure to conform is, on the whole, a cause of amusement rather

than irritation for most bankers. Anecdotes about the Square Mile's snobbery and archaic traditions are always being exchanged. There is the one about the new Lazards director who arrived with facial hair and was introduced as the "currently bearded" Mr.... There is another about Warburgs men ordering two suit jackets, one of which is hung permanently on their chairs so that hoeses think they are working late. They say one can spot senior figures as they do not carry brief cases or umbrellas, leaving that to their chauffeurs.

Considering the rampant uniformity, bankers are also remarkably interested in each other's sartorial choices. One Cazanove employee, who wished to remain anonymous, said that more financiers were wearing white Calvin Klein underpants nowadays than the colourful boxer shorts preferred in the 1980s. How did he know? "We talk about that sort of thing in the wine bar after work," came the reply.



Colin Beane

# THE THING IN MILAN

(IS ACTUALLY THE THING IN NUMBER 203 PICCADILLY LONDON).



Those uncontrollably casual Italians are bounds for English style tailoring — particularly our more informal jackets. But what they have to search high and low for in the Vias and the Corsos, you can find in Simpson Piccadilly without moving a muscle. Do make the effort to stand erect when you try one on though. This is England after all.

DAKS Simpson  
071-754 2002 PICCADILLY







## PERSPECTIVES

# Everest: the ultimate high

**L**ORD HUNT, the veteran mountaineer, looked at me gently. "Everest was not my favourite mountain," he said. "And I doubt, my dear, it will be yours."

Only three years ago at mount Everest's base camp, I met four French women who I thought were, quite simply, mad for wanting to reach the 29,028ft peak. Surely women had more sense. Women wanted to create life and preserve it, not throw it away for a mountain, I thought. But this week I am on my way to Everest to face the same dangers as they did in an attempt on the summit.

Our expedition is intended to mark the 40th anniversary of the first ascent of Everest by the British expedition led by Colonel John Hunt. It has been endorsed by Sir Edmund Hillary, who, with Sherpa Tensing, was the first to reach that majestic peak on 29 May 1953. Our team - the DHL British 40th Anniversary Everest Expedition - will climb by the same route they took, by the Western Cwm and South Col.

We aim to raise £2m for Sir Edmund's Himalayan Trust, a charity which helps build schools and hospitals for the Sherpa people, and conserve their environment. The expedition will cost some £250,000. Sponsors include DHL, New York-based investment banking group The Carter Organization, Sally Parris, Glenmorangie Foundation for Sport and the Arts and, clothing us head to toe, Karrimor. After two years of preparation we set off this week from Kathmandu to trek through the foothills to Everest base camp. In April we shall set up camps high on the mountain aiming to climb, weather allowing, in May.

The expedition, the idea of merchant banker Peter Earl and led by John Barry, a mountaineer of some repute, is nine climbers strong. It includes names such as Bill Barker, Harry Taylor, both Everest veterans, Dave Walsh,

Dave Halton, John Rowe and Dr Sandy Scott.

I am going as an amateur. In the autumn of 1988 I was at Everest Base Camp reporting for the *Financial Times* on an Anglo-American attempt on the North East Ridge. I did not climb, had never climbed. But since then I have become quite obsessed, abandoning holidays on the beach for the hills of Africa, Europe - climbing Mount Kenya, Kilimanjaro and Mont Blanc - and most recently Alaska, where the Everest gang climbed north America's highest, and coldest peak, Mount McKinley. The addiction takes a hold, like any drug.

And now I want to be the

## Rebecca Stephens sets off in the steps of Everest's first climbers

first British woman to reach the top of Everest. What is it about the mountain that still draws climbers four decades after the first ascent?

"Everest became rather more than a mountain," Hunt says. "It is so easy to idealise our expedition, but there was enormous pressure to be the first expedition - and a British one at that - to climb the mountain. All the more so because following the war we were preceded (on the mountain) by the Swiss and to be followed by the French."

Hunt, and he suggests most of the 1953 team, agreed with the words of Eric Shipton - who until six months earlier had been leader of the expedition - when, on hearing of their success, said: "Thank goodness, now we can get on with some real climbing."

In the last 40 years 469 men and 16 women have stood on the summit of Everest; 117 have died in attempts to do so. Hunt has climbed it solo, with an oxygen, and in May of last year 32 people queued to stand

on the summit on a single day.

Is the climb easier? Has Everest shrunk? Or is it that modern equipment - Gore-tex, quick-wicking fabrics which allow perspiration to escape, plastic boots, light-weight oxygen cylinders - and an advancement in the understanding of high altitude physiology has enabled climbers to overcome the effects of the drastic reduction in ambient oxygen levels and the associated susceptibility to the cold?

"It's easy to overplay the difference in equipment. I think we were well equipped," said Hunt; though undoubtedly the net weight of clothing and oxygen then was considerably higher than it is today. "Stoves were important," he said; a comment that reveals quite how experimental such things were in the 1950s. The Swiss failed in 1952 because their stoves failed. The Brits knew this, and made sure that their stoves could melt enough snow to enable each climber to drink at least seven pints of liquid a day. It was revolutionary knowledge then, that it might be essential to consume large quantities of liquid at high altitude; today it is part of traditional mountaineering wisdom.

The biggest difficulty to overcome on that first ascent was, said Hunt, "the psychological problem."

To enter the Western Cwm climbers must first climb up the Khumbu Icefall: 2,000ft of gaping crevasses and shifting monoliths of ice, that collapse and tumble with a whim.

"Terrifying," said Lincolne Rowe, an artist accompanying us on the expedition, who twice has been high on Everest. "I can say so; I'm an artist."

In Hunt's day it had been passed only twice: "It was a real hazard to be reckoned with."

A greater problem still was the last 1,000ft or so to the summit: "There was that uncertainty about man's ability to do it. The Sherpas suffered especially from those



At the peak: Sherpa Tensing standing atop Everest 40 years ago

doubts, and their superstitions that they should incur the wrath of the gods for venturing above the South Col."

It was a sacred summit: "The monks at Thyangboche Monastery [in the foothills] quite clearly didn't want us to go to the top," said Hunt.

On the climbers' return the monks congratulated them - for "nearly reaching the summit."

How different today: Ang Phurbur, the head Sherpa on our expedition, has reached the summit twice. The barrier of doubt is down.

Might a woman have been invited to climb Everest in 1953?

"Inconceivable," said Hunt. "Had there been a girl she would have been one of us - that would be natural, normal," he reflected. But there were very few male climbers then, and especially few women climbers.

When the Duke of Edinburgh Scheme - of which Lord Hunt was a founding director - opened its doors to girls in 1968, it was considered their preferred pursuits might be make-up and hair-style, dress design and flower arranging, not motorcycle maintenance or potholing. This spring, eight young people from the Duke of Edinburgh Award Scheme - boys and girls - are accompa-

nying us to Base Camp Everest, each one climbing Island Peak (30,380ft) en route.

In 1953, Hunt's expedition had Everest to themselves. This spring there will be some 20 expeditions on the south side of the mountain alone. But as Hunt chose to entitle his loosely autobiographical book, *Life is Meeting*, he and Ed Hillary, George Lowe, George Band and Michael Westmacott will be rekindling their 40 year friendship at a 1953 Everest reunion in Khumbu this spring. With luck, we will meet them; and the old Everest hands will be able to throw a tip to the nine modern-day aspirants, as they trek by.

# Point of dispute

**R**EMOTE and ancient, it rises out of the sea, in the shadow of the 1,500 ft peak of Binnneil on the south east corner of Harris - a rocky headland like thousands in the Scottish Hebrides.

But Lingaraby point is not the same as all the others. Its special qualities mean it might be blown apart, pulverised and sold by the shipload as high grade aggregate in south east England, Germany and the Netherlands. In its place, when all the dust and noise has gone, will be a sea loch more than a mile square, but not a loch like all the others...

This grand scheme has caused an outcry from environmentalists. Yet it could bring prosperity to the island and alleviate pressures on the environment in the south of England where lobby groups have almost paralysed high mineral working applications. Scotland, with its tradition of industrial extraction, less people and more space, may be a distant location from which to haul material, but royalties instead of £3.50 a tonne are nearer 10p.

Lingaraby is the only large and accessible British deposit of the rock anorthosite, which is especially hard and heavy. Can its removal, and substitution with a sea loch be balanced with prevailing philosophies of land use?

The government's commitment to sustainable development of natural resources is in difficulty when the resource is being developed by being depleted. But language has been tortured to meet political ends before.

The matter of scenery, the Highlands core appeal, presents another teaser. Who is to say the sea loch left behind will not be pretty too? The only snapper quarry presently operating in the Highlands, at Glensanda on Loch Linnhe, has hollowed out a mountain from behind and inside, leaving main profiles intact.

Cairn Macdonald, MP for the Western Isles, thinks most local people would support the quarry plan if the terms were sufficiently generous. But all

the expected national conservation bodies oppose the Lingaraby superquarry.

The owner of the underlying mineral rights, civil engineer Ian Wilson, presents the superquarry plan as an opportunity not a blight, and a possible saviour of the Outer Isles. He sees the quarry dust from pulverising rocks, not as a silicosis-carrying pollutant, but as a valuable mineral which, mixed with lime, could restore fertility to the island's tired and acid topsoils.

Wilson says the quarry would bring jobs in a depopulated area, stop young people emigrating, and fund a local enterprise zone. It would also provide him with a royalty on each tonne, which, with a production forecast of 10m tonnes a year, should slip out of the equation.

**W**hat makes this dispute so evocative is the pristine beauty of the site, the dearth of local employment, and the sheer scale of the plans.

Financial sweeteners are being proffered to the community council and the mining company has already offered a local concession - no working on the Sabbath.

The Western Isles Council, its finances shattered by its investments in BCCI, is considering the application. Coastal superquarries have already been embraced by the regional council's structure plan. The Secretary of State for Scotland has asked that the decision, to be referred to him. With four other coastal superquarries in the Highlands being planned, Lingaraby will be seen as a test-case.

Most commercial developments in the Highlands are opposed by retired people or gateway types with no interest in local employment. Take the case of farmed salmon cages disfiguring sea lochs, one white settler (English immigrant) declared the unimpaired sea-view was "a right". Which shows, perhaps, how the view colours the viewer.

Michael Wigan

## COUNTRY PROPERTY

### FOX & SONS

THE ESTATE AGENTS

#### SANDBANKS - POOLE HARBOUR

A Modern Residence in harbour setting, with views. Water frontage, 4 reception rooms, 5 bedrooms (2 en-suite), dining room, family bathroom, kitchen/breakfast room, hall, sun terrace/balcony. Self contained Annex: Harbour views, lounge, 2 bedrooms, bathroom, kitchen/breakfast room, balcony. Two double garages. Integral boatshed. Private driveway. Price £250,000. Sole Agents, Fox & Sons, Canford Cliffs Telephone 0202 700822



### Constables

Commercial & Residential

#### UNIQUE OPPORTUNITY

To acquire a rare and well established development, just 40 miles north west of Exeter, boasting a 7 bedroom farmhouse, Annex potential, a residential cottage with substantial income, 2 acres grounds. Viewing recommended £375,000

Tel: (0392) 422122  
Constables Prestige Homes,  
81 South Street, Exeter, EX1 1EQ

### BIDWELLS

Chartered Surveyors

#### SUFFOLK - DEBACH

An impressive Georgian country house (6 bed, 2 reception, indoor heated pool, Subling, Garden & grounds. About 5.7 acres Price £375,000. Ipswich (0473) 611644

### ISLE OF MAN

Spacious 3 bed. cottage style bungalow on banks of Salmon River near Ramsey. Southern views to hills.

Needs modernisation.

£99,000

Income Tax 15-20%

No inheritance/Capital Gains Tax

Chartered Surveyors

Tel: 0624 812236

## COUNTRY RENTALS

### JOHN D WOOD & CO

#### CANDOVER VALLEY HAMPSHIRE

A beautiful Georgian style house, decorated and furnished to the highest standard, in a wonderful position with panoramic views. 5 beds, 11 year swimming pool, tennis court, 11 acres, 19th century garden & housekeeper. RENTALS £6,000 to include staff LETTINGS DEPARTMENT 0202 88804

### CHALLENGER INTERNATIONAL LIMITED

FIRST CLASS PROPERTY RENTALS IN AND AROUND THE GEORGIAN CITY OF BATH. Superb Elizabethan Manor House set in landscaped grounds and meeting in one of the charming valleys that surround Bath. Taster bedrooms and a magnificent bathroom all add to the character of this fine home. £200,000.

Panoramic views over the city from this splendid Penthouse Apartment. Three reception rooms, three bedrooms, and three bathrooms add up to make a perfectly balanced home £150,000.

Telephone Bath (0225) 445445

## LONDON PROPERTY

### PRIMROSE HILL, REGENT'S PARK

A distinctive new house in a tranquil setting within strolling distance of Regent's Park.

Arranged over two floors, with entrance hall, bright dual aspect double reception, dining room, kitchen, master bedroom with en-suite bathroom, 3 further bedrooms, 2 further bathrooms (1 en-suite), utility room, garage, patio garden, and terrace.

Tel: 071 873 4278 Fax: 071 722 4174

£465,000 FREEHOLD

### 7, PLAZA DE ESPAÑA APARTMENTS

In the heart of Madrid.

High class studios to let.

Daily, weekly, monthly rates.

Fully equipped.

Direct reservations

Tel 34 1 542 85 85

Fax 34 1 548 43 80

### PLAZA BASILICA APARTMENTS

27, Cumanandaz Zoria,

Madrid. Located in the

Financial and Business Area.

A warm and individual style.

Daily, weekly, monthly rates.

Reservations

Tel 34 1 535 36 42

Fax 34 1 535 14 97

### LOS JERONIMOS APARTMENTS

Morota, 9, Madrid. Between

Prado Museum and Retiro

Park. Finest example of

traditional furniture. Daily,

weekly, monthly rates.

Reservations

Tel 34 1 420 02 11

Fax 34 1 429 44 58

### ITALY - Tuscany

Large farmhouse and adjacent smaller house in 54 acres of rolling countryside. Good condition. Spectacular views to the mountains. Vineyard, stream. Close to beach and old towns. £315,000 Freehold. BOWEN ARNOLD

Tel: (071) 3431, 4082 Fax: (071) 794 4022

### CYPRIOT PROPERTY Exhibitions of

Acropolis Homes: Countdown Hotel, Southerly - Sat. 10 Mar. Marsh Farm Hotel, Weston Bassett St. Swindon - Sun. 14 Mar. Filton Hotel, Swindon - Mon. 15 Mar. Cheltenham - Sat. 20 Mar. Cheltenham - Sun. 21 Mar. Meads Head Hotel, Norwich - Sat. 27 Mar. Court Hotel, Bromley, Kent - Sun. 28 Mar. Contact: Olive Properties, Box 381, Paphos, Cyprus. Tel. 06 241601, Fax. 06 254717.

### CANNES - SUPERB 1920'S VILLA

Best area, 4 Balis, Garage, Pool, Orange Grove, Panoramic Sea Views. Possible part exchange for London Property. Tel: 33 93 75117 (France).

### SWITZERLAND - THE SPECIALISTS. Chateaux

apartments and permits. Osborne Solicitors, 50 Parkway, London NW1 7PP. 071 426 8911.

### ALGARVE, POCH BARRETT, SILVES

4,000sq ft land with old cottage, many other bargains. Contact Portugal: UK - 061 851 1012, Portugal - Tel: 082 34 0355. Fax: 082 34 1285.

### GUERNSEY - SHELDS WICKHAM & CO LTD

4 South Esplanade, St. Peter Port. The island's largest independent Estate Agent. Tel: 0481 714448. Fax: 0481 713811.

## FOR SALE OR EXCHANGE

7 BEDROOM, 2 BATHROOM LUXURY HOME overlooking Kilmorye Beach (200m). IN SMALL VILLAGE NEAR TO SEAVIEW LUXURY HOMES.

Fully furnished with quality furniture. We will exchange for London property value £1 million (or will sell) Freehold. 45 minutes from Luton Airport.

2 1/2 acres garden, swimming pool, lounge, dining room, sitting room, 2 kitchens, 7 bedrooms, 2 bathrooms, alarms, 4 garages, beautiful garden, space for tennis court, motor water supply (not required but available), solar water heating, car available.

Housekeeper available (not live in), photographs supplied, view anytime. Avela Owen Tel: 01827 200458, 01827 702 831.

### S.W. FRANCE NR COGNAC

Important property 30,000 sqm garden and parkland. 2 living, dining, large kitchen w electric facilities, pantry, scullery, wine cellar, hobhouse, billiards with pool table, 4 bedrooms, 4 bathrooms, central heating (oil), 4 fireplaces, terraces, many outbuildings. Much charm. Attractive micro climate.

Price £1,200,000. For further info tel Holland (31) 53 283244.

### SWITZERLAND

Swiss property since 1975. Our specialty since 1975. Lake Geneva & Mountain resorts. You can own a Swiss apartment. CHATEAU IN MONTREUX, VILLARS, LES DIABLETETS, LEVIGNY, GASTAD, VEVEY, CRANJE-MONTANA, VERMOREL.

See from SF 200,000 - Credit facilities REVAC SA.

32 rue de Montreux CH-1211 GENEVE 2 Tel: +41 22 734 13 40 - Fax 734 12 35

### Cote D'Azur

Exclusive villas & apartments for sale or rent. Over 150 exceptional homes. Please call our English speaking staff for a colour brochure.

### RIVIERA RETREATS

Tel: (01033) 93 64 86 40 Fax: (01033) 93 64 00 80

LUXURY VILLA (almost new), between Menton and Antibes adjacent to Ponto de la Oueque golf course. Lovely views at bay, 500 yards marina. 3 en-suite double bedrooms, magnificent lounge, terraces, 21 cond. heated pool, garage, gardens. Cost £230,000 offered by owner at £175,000 (includes furnishings from Herods etc.) Tel: England 081 445 9877 or Fax: 061 446 6877

### DENMARK

ZEALAND. OUTSTANDING ESTATE 10 rooms, luxury, 400 sq.m. living space. 11,672 sq.m. land direct to finest beach. US\$965,000. Special bargain.

Call 445 31 63 26.

### Attractive Property - LOT

a lovely solid old house with five bedrooms in 5 hectares in a hilly quiet area near Gramat. The house has been partly renovated with all amenities. Less than 300 metres from lake. Asking price: 790,000 francs. Please call: 081 878 4943

## INTERNATIONAL PROPERTY

### FOR SALE

Flats or chalets in Switzerland. Anzère (15 minutes from Crans) or Meyens de Chamonix (2km from Orsières).

From S.Fr. 200,000 (mortgage for 60% can be arranged)

Please phone 41 21 - 80249 13 or fax 41 21 - 861 37 45

### BOCA RATON/PALM BEACH

Coldwell Banker Real Estate Estates, Villas & Flats at unprecedented values.

Contact: Roelyn Cereano Tel: 407 391 9097 (USA) Fax: 407 391 8620

### FRANCE - Renovated Farmhouse

150km from Paris, 90km Chateaux Loire, with Kitchen, Dining Room, Lounge, Games Room, Hall, 2 Bathrooms, 3 Bedrooms, Loft, 350sqm Living Space, Electric Heating, 2.5 Acres of Trees, Pond, Purgatory, 895,000FF. Tel: 31 42 88 45 11

Evenings (English spoken)

### LATITUDES

#### FRENCH PROPERTY AGENTS

Offer a wide selection of old & new properties in North, South & West (Provence) and South West France. For property details or catalogue Tel: 061 958 5485.

### U.S. PROPERTY BARGAIN

250 HALF-ACRE RESIDENTIAL LOTS IN HIGH-PROFILE, FAST SELLING LAKESIDE SUBURB OF MAJOR SOUTHERN U.S. CITY. PRICED WELL BELOW MARKET FOR QUICK SALE \$425,000 (3,500,000 LOTS). FINANCE AVAILABLE. CONFIDENTIALITY ASSURED.

A.E. TRADING

Phone/Fax: 44 (0) 71 723 4999 The American Land Specialist

### JUAN LES PINS (CHATEAU DE LA PINED)

2 double bedrooms luxury apartment close to beach and shops. Swimming pool and tennis courts. Some dates still available. Tel: 0753 649775.

### FLORIDA GULF COAST OF TAMPA

GAV. Mr. Garlich, a Tampa Realtor, will help you buy a home, condo or biz. Call 813 446 4094 or fax 813 446 1964 (USA)

### BETWEEN (WEST) BERLIN AND POTSDAM

For sale beautiful lot, 1140sqm ready to construct residential & commercial building in most attractive lake area. Tennis, golf & polo fields nearby. Tel: 49 211 451474 or Fax: 49 211 451474

## HARAS DE L'ERMITAGE, ARGENTAN



An exceptional stud farm of charm and quality, with a luxurious manor house and outbuildings around a paved courtyard.

swimming pool complex, 9-hole golf course, heliport and delightful landscaped gardens embellished with modern sculptures.

Stud buildings include stable blocks with 46 loose-boxes, indoor school, foal-sing unit, lads accommodation, farm buildings and annex. Gardens, paddocks and pasture totalling in all about 285 acres.

29 St. George Street

LONDON W1A 3BG

Tel: 44 71 629 9292

Fax: 44 71 355 4299

5 rue Royale

75008 PARIS







RCM 14 1993  
Week  
ght  
S another way  
out the authentic  
Greece, and  
it to the country's  
organisation for  
Traditional  
end and simple  
s of the country,  
more remote and  
ly attractive  
is the Maud  
se - the  
acquired and  
buildings and  
guest houses  
tended to be as  
as the posada  
they have per  
facilities to  
ple, white walls,  
wooden furniture  
textiles. The  
light after the  
rears of so many  
are, by  
inificantly,  
the owners in  
the of a rather  
national settle  
s a positive side  
sle, rooms quite  
in which you  
the other end  
of the forests  
and Pelion, Mak  
in, 15th centur  
on the mounta  
of Volo,  
elopment,  
a sort of Greek  
e reported some  
within the walls  
e of a convent  
national and  
ed to be a  
and a  
new, just a  
nort.

TELEVISION

BBC1		BBC2		LWT		CHANNEL4		REGIONS	
7.25 News 7.30 Henry's Cat 7.35 Wizz Bang 7.50 Lull 8.10 Eggs 'n' Baker 8.30 Tom and Jerry: Greatest Hits 9.00 Cooing Lull		5.40 Open University.		8.00 CMTV. 9.25 Where's Up Doc? 11.30 The ITV Chart Show 12.30 pm Speakerbox.		6.00 Early Morning. 10.00 Trans World Sport. 11.00 Casella. Football Italia. 12.00 Read Dreams. 12.30 pm Songs and Memories.		ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-	
12.12 Weather.		3.00 Film: Single! Is the Rain. Gena Kelly and Debbie Reynolds star in this classic musical comedy which follows the fortunes of two aspiring Hollywood actors with little talent or talenting pictures (1952).		1.00 ITN News; Weather.		1.00 Film: The Shop Around the Corner. Romantic comedy. James Stewart plays a letter-writing shop assistant who remains blissfully unaware that his mysterious pen pal is a close work colleague (1940).		12.30 Mavis. Mavis. Mavis. 1.05 Anglia News. 1.40 Carlton News. 1.50 WCV Worldwide Wrestling. 5.00 Anglia News and Sport 11.00 Regional Weather.	
12.15 Grandstand. Introduced by Steve Ridd. Including 12.20 Football: Reviewing the midweek Premier League action and last week-end's FA Cup quarter-finals. 12.50 Racing from Cheltenham. The 1.00 Athletics: Action from the opening day of the World Indoor Championships in Toronto, Canada. 1.25 Racing: The 1.30 Lifetime UK Novices Chase (H.Capt). 1.40 Athletics: Further coverage. 1.55 Racing: The 2.00 Baaftorf Hurdle. 2.10 Rugby League: Live coverage of Leeds v Widnes in the first semi-final of the Slit Cut Challenge Cup from Wigan. 3.00 Motor Racing: Stava Riddar presents the Formula One season. 3.10 Rugby League. 3.50 Football Half Times. 4.00 Ice Skating: Coverage of the ladies' free programme in the World Championships from Prague. 4.40 Final Score.		4.40 Ice Skating: World Championships. Highlights of the free dance programme from Prague.		1.00 ITN News; Weather.		2.50 Racing from Sandown. Including the 3.00 Barclays Bank Handicap Hurdle. 3.35 Masmillon Nurse. 4.00 Handicap. 4.10 Sunrises Imperial Cup Handicap Hurdle and the 4.40 Burnt Oak and Special Corgi Novices Chase.		12.30 Mavis. Mavis. Mavis. 1.05 Border News. 1.50 Border News. 5.00 Border News and Weather 6.00 Sport Results.	
6.15 News.		7.00 News and Sport; Weather.		2.10 WCV Worldwide Wrestling.		5.05 Brookside.		12.30 Mavis. Mavis. Mavis. 1.05 Border News. 1.50 Border News. 5.00 Border News and Weather 6.00 Sport Results.	
6.15 News.		7.15 Sounds of the Seventies. Featuring performances by some of the giants of mainstream rock, including Dire Straits, Daryl Hall and John Oates, Peter Frampton, Eric Clapton, Lynyrd Skynyrd and Little Feat.		2.10 WCV Worldwide Wrestling.		5.05 Brookside.		12.30 Mavis. Mavis. Mavis. 1.05 Border News. 1.50 Border News. 5.00 Border News and Weather 6.00 Sport Results.	
6.15 News.		7.15 Sounds of the Seventies. Featuring performances by some of the giants of mainstream rock, including Dire Straits, Daryl Hall and John Oates, Peter Frampton, Eric Clapton, Lynyrd Skynyrd and Little Feat.		2.10 WCV Worldwide Wrestling.		5.05 Brookside.		12.30 Mavis. Mavis. Mavis. 1.05 Border News. 1.50 Border News. 5.00 Border News and Weather 6.00 Sport Results.	

BBC1	BBC2	LWT	CHANNEL4	REGIONS
7.00 PC Pinkerton. 7.05 Fails the Cat. 7.20 Opposites Attract. 7.30 Mondays. 7.55 Playdays. 8.15 Breakfast with Frost. 8.15 People on the Way. 10.00 See Hear 10.30 Japanese Language and People. 11.00 Computing for the Fortified. 11.30 Making Time.	8.15 Open University. 8.30 Christopher Crocodile. 9.15 The Animals of Farming Wood. 9.45 Time Busters. 10.05 Teenage Mutant Hero Turtles. 10.30 Century Falls. 10.55 Blue Peter Omnibus. 11.45 The O Zone.	5.00 GMTV. 5.35 Olney Quiz. 10.45 Link. 11.00 A Meditation. 12.00 This Sunday. 12.30 pm Crustal: London Weather.	6.00 Early Morning. 5.30 Dennis. 8.45 Filppert. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie.	ITV NEWS AS REGIONS EXCEPT AT THE FOLLOWING TIMES:-
12.00 Advice Shop. 12.30 CountryFile. John Craven looks at loc-hunters. 12.55 Weather for the Week Ahead; News. 1.00 On the Record. Political interviews and analysis. With Jonathan Dimbleby. 2.00 Football. 3.00 Film: Columbus: The Most Cruel Game. The dishevelled detective (Peter Falk) investigates the murder of a professional football team owner. With Dean Stockwell and Robert Culley. 4.10 Biteback. Sue Lawley questions whether this humour of Ona Foot in the Grave's moments overlaps the mark. 4.50 Sunday for Europe Preview. 5.00 The Clothes Show. Looking at autumn and winter collections from Milen, the wife of British designer of the year Ralfi Ozbek, and autumn jewellery by an Italian family firm. 5.25 Antiques Roadshow. The experts visit Pembroke in Wales. 6.10 News. 6.15 Village Profile. 7.00 Last of the Summer Wine. 7.30 Lovejoy. The missing piece of a national treasure, a terminally ill actress and an old friend will study past cases and problems for Lovejoy and friends in Ireland. TP McKenna guest stars. 8.25 A Year in Provence. Peter and Anne promise to obtain some truffles for a friend back in London - but the Mayles discover these delicacies are hard to come by in France. Starring John Thun and Leslie Graves. 8.55 On Foot in the Grave. 9.25 News and Weather. 9.40 Mastermind. 10.10 Evermann. This story of two middle-aged British women currently awaiting extradition to the US on charges of conspiracy to murder an American Federal attorney. 10.50 Witness. David Hall shows how quality guarantees systems can be part of a winning formula for small businesses. 11.20 The SeaSide Trains. 11.50 Weather. 11.55 Close.	11.55 South African Grand Prix. Steve Rider introduces live action from Kyalami, Johannesburg. 2.00 Around Westminster. Latest political news. 2.30 Sunday Grandstand. Introduced by Steve Rider. including 2.35 Affluence: Highlights of the men's 1,500m, long jump and pole vault, and the women's 1,000m in the World Indoor Championships from Toronto, Canada. 3.25 Ice Skating: Highlights of the World Championships from Prague, Czechoslovakia. 4.35 Skating: The Women's Downhill Championship from Lillehammer, Norway, plus reaction from Kyalami on the outcome of the Grand Prix. Times may vary. 5.10 Rugby Special: Bath v Wasps. 6.10 Athletics: World Indoor Championships. Live coverage of the men's 60m hurdles from Toronto, Canada. 6.28 The Natural World. The wildlife inhabiting Argentina's sub-tropical swamp of Ibers. This lush wetland is home to a wide range of creatures, including giant rodents, alligators and deadly snakes. 7.15 The Movie Programme. Britain's threatened social security system. Roy Cullen-Jones reports on the debate over the much-loved state aid and should protect its citizens from birth to old age. 7.35 Athletics: World Indoor Championships. Highlights of the final day of competition from Canada. 8.35 The South African Grand Prix Formula One highlights from Kyalami. 9.10 Did You See? A look back at the week's television. 9.40 Film: Enchanted April. Oscar-nominated romantic comedy set in the 1920s following four women who rent a small Italian castle to escape their dull London lives. Starring Miranda Richardson, Joan Plowright, Jessie Lawrence and Polly Walker (1992). 11.20 The Dave Thomas Show. 11.45 Film: The Hired Hand. Encounter about an errant husband (Pete Fonda) who returns to his wife after seven years absence, to find she will only take him back as a paid worker (1971).	1.00 ITN News: Weather. 1.10 Walden. Brian Walden asks Shadow Chancellor Gordon Brown, can Labour rescue the economy? 2.00 The Seniors. 2.30 The Match. Coca Cola Cup. Sheffield Wednesday v Blackburn Rovers from Hillsborough. 5.00 What You Were Here? Martin Roberts looks at the growth of tourism in Vietnam, and John Carter visits Sandino de Compostella, Spain, which is one of the oldest tourist routes in the world. Judith Chaimers spends a weekend in a converted mermaid house near Torquay. 5.30 Survival. How the Sacramento Delta swamplands are being restored, after they had been exploited by farmers. 6.00 London Tonight: Weather. 6.20 ITN News: Weather. 6.30 Murder, She Wrote. A friendly villager turns into an investigation when Jessica's old college boss meets her accused of murdering US\$2m in tax payments. Angela Lansbury stars. 7.25 Watching. 7.53 The Dangling Bells of May. Pop arranges an unusual birthday surprise for Ma, and Primrose fails for yet another builder - who turns out to be somewhat different from the rest. David Jason and Pam Ferris star. 8.55 ITN News: Weather. 9.15 London Weather. 9.20 Malगत. New series. A nightclub dancer goes on a disturbing conversation about the murder of a countess - but her loose tongue leads to her own death. Starring Michael Gambon and Minnie Driver. 10.20 Aspel and Company. Chat show. 11.05 The South Bank Show. Profiling American novelist Richard Price, the author of The Wardeners whose latest novel, The Clockers tells the story of a drugs dealer and a homicide cop whose lives become entangled during a murder investigation. 12.05 Encounter. 12.30 Cue the Music. 1.35 Get Stuffed; ITN News Headlines. 1.40 TKT. 2.40 Summerrock; ITN News Headlines. 3.35 Snooker.	12.40 The Hidden Kingdom: A Himalayan Adventure. Following a mountaineering expedition to conquer Gangkar Punsum. 1.45 Football Italia. Games in Serie A include Lazio v AC Milan, Inter v Roma, Sampdoria v Cagliari, and Juventus v Brescia. 4.00 Mine Eyes Have Seen the Glory. Exploring the convictions of American evangelists, often derided for their apocalyptic beliefs and refusal to accept scientific evolution. 5.00 Joshua and the Blob. Offbeat animation. 5.10 News. 5.13 High Interest: Growth or Bust? Two days before the Budget, Susantha Simons assesses whether Britain faces recovery or deepening recession. Andrew Aitken, director of the National Institute for Economic and Social Research and Gavin Davis, chief economist at Goldman Sachs provide contrasting views. 6.00 MovieWatch. Films under review in Belfast include Candyman by horror maestro Clive Barker, and Hoofs, starring Jack Nicholson as the infamous union leader. 6.30 The Wonder Years. 7.00 Fragile Earth. Investigating forest fires in the Provencal countryside. As the region faces economic collapse, new measures are sought to bring the problem under control. 8.00 Opinions: Britain 1993. Another luminary addresses an issue of national importance. 8.30 Benny Hill. 9.00 Lipstick on Your Collar. Love is in the air with Hopper dreaming of Lisa. But all does not go well for the young private when he gets embroiled in dance floor drama. Starring Ewan McGregor and Kymberley Huffman. 10.10 Film: The Krays. Gary and Martin Kemp star as the infamous twins who ruled East London's underworld in the late 1960s (1990). 12.25 Film: Nehla. Political drama about a young singer (Yasmine Khatri) struggling to make a name for herself against a backdrop of the intensifying Lebanese civil war (1979) (English subtitles).	12.30 Food Guide. 12.55 Anglia News. 2.00 Blonde and Dagwood. 5.00 Survival. 5.30 Bute Issey. 6.00 Anglia News on Sunday 5.15 Regional Weather. CENTRAL: 12.30 Gardening Time. 12.55 Central News. 2.00 Coach. 5.00 Survival. 5.30 Highway to Heaven. 6.15 Central News. CHANNEL5: 12.30 Reflections. 12.35 Rando-Vou. 12.40 Dimech. 1.00 Telenovela. 2.00 Summerstars. 5.30 Country News. 6.15 Survival. 6.45 An Invitation to Remember. 8.15 Channel News. GAMMAFLAM: 10.45 Small Talk. 11.00 Sunday Survey. 11.45 Link. 12.30 Gardener's Diary. 12.55 Oranville Headlines. 2.00 Conference Report. 2.30 Sports. 3.00 Coca Cola Cup. 5.00 Gampan Headlines. 5.05 Eilat. 5.15 Gampan Weather. GRANDAD: 12.25 What the Mf's Say. 12.55 Grandpa News. 2.00 Grandpa Action. 3.00 Grandpa Time. 5.15 Coronation Street. 6.15 Grandpa News. HTV: 12.25 HTV News. 12.30 HTV Newscast. 2.00 The West March. 5.00 Superstars of Wrestling. 5.45 Survival. 6.15 HTV News. 6.15 HTV Weather. ITV Wales as HTV except: 12.30 Playback. 2.00 Get Out. MERIDIAN: 12.30 Meridian This Week. 12.55 Meridian News. 2.00 Summerstars. 6.00 Country News. 6.15 Survival. 5.45 Loud and Clear. 6.10 Meridian News. SCOTTISH: 10.45 Wemyss Bay 00201. 11.30 Link. 11.45 Sunday Service. 12.30 Newscast. 12.55 Scottish News. 2.00 Conference Report. 2.30 Sports. 3.00 Coca Cola Cup. 5.00 The Galactician Challenge. 5.30 Elvis: Good Rockin' Tonight. 6.00 Scotland Today. 6.55 HTV. 8.10 Scottish Weather. TYNNE TIMES: 12.25 The Little Boat. 12.55 Tynne News News. 2.00 For Real. 3.00 Carpon Time. 5.20 Buletary. 6.00 The Back Page. 12.25 Gardening Time. 12.55 HTV Live Lunchtime News. 2.00 Bon Voyage. 3.00 Police Star. 5.10 Coronation Street. 6.10 Newsline. 6.15 HTV Live Evening News. WBSBCOUNTRY: 12.30 Westview. 12.55 Westcountry Weekend Latest. 2.00 Westcountry Update. 5.00 Country News. 6.15 Survival. 6.45 On the Road to the Islands. 7.15 Westcountry Weekend Latest. YORKSHIRE: 12.25 The Little Boat. 12.55 12.00 Calendar News. 2.00 News. 3.00 Country News. 5.20 Buletary. 5.50 Calendar News. 6.15 Local Weather.





THIS year Anthony Hopkins was knighted – perhaps for services to screen violence. In the *Silence of the Lambs*, Sir Anthony, as he then wasn't, played the part of a cannibal, Doctor Hannibal Lecter, whose favourite meal was human liver, washed down with Chianti. For this portrayal of gastronomic perversion – Chianti, for heaven's sake, not even a decent claret – Hopkins was also awarded an Oscar.

Now the great Welsh actor says that it might have been a terrible mistake to have taken part in such a violent film. And the man who approved making Dr Hannibal into Sir Hannibal, John Major, has told the Conservative Party faithful in

# Making a meal of screen violence

Dr Lecter feels guilty. Dominic Lawson says he need not worry, although his taste in wine is poor

Harrogate that something must be done about "the relentless diet of violence in the media".

Major's argument, assuming that as usual, he is following the conventional wisdom, seems to be that the impressionable imitate the violence they see on their screens. Being an impressionable fellow myself, I thought it safer not to go to see *The Silence of the Lambs*. Otherwise I might even now be imitating the main character, turning into a transvestite serial killer and stuffing the larvae of rare moths down the throats of my victims.

Perhaps you too might be impres-

sionable. Have you murdered anyone recently? You must have seen hundreds of murders on television or in the cinema. Surely some of it must have rubbed off on you. Or are you still the same law-abiding citizen with an sudden craving to eat human flesh washed down with cheap Italian wine?

Television has become a convenient alibi, and not just for politicians seeking to shift the blame for rising crime on to other shoulders. The idea of television as responsible agent is also a convenient alibi for those who most need it – criminals and their lawyers. You know

the sort of thing: "My Lord, my client was a perfectly harmless football hooligan with only a few minor offences – and then he saw Denis Potter's *Lipsick on Your Collar*. After that he promptly and understandably raped his wife. I ask for the Court's clemency."

The point is that people who commit violent crime are not like you and me. Their violence comes from within themselves, not down a television tube. In fact, the more time such people spend watching television the safer the rest of us are.

What is undeniable is that violence on television can be distress-

ing to watch, particularly for little children. Alan Yentob, the new controller of BBC 1, said, in response to Major, that it was up to parents to protect their children from violent television.

Parents should not need to defend their children from the BBC. Auntie should not be like an unpredictable dog, a sort of electronic Rotweiler which needs to be locked up and kept away from children and old ladies.

But Yentob is partly right: as adults we have a choice of what to watch and what not to watch. If we grown-ups do not like violence on

television, we should vote with our fingers and switch off.

The new crusaders against what is usually termed "gratuitous violence" argue that we have lost the will to switch off, because we no longer have the sensitivity to be shocked. They say we have become "desensitised" to violence, so that we can sit calmly grazing at our TV dinners while watching scenes of horrific bloodshed.

This may be true, but if so, it is the images of bloodshed to which we have become accustomed, not the reality. In common with many viewers of television news I have

become emotionally immune to scenes of harrowing brutality. But recently when I witnessed someone being run over by a car, I was shaken and shocked. That is why crowds immediately gather at such scenes. They know that this is the real thing, not "gratuitous" at all, and something quite different in kind from the edited dramas of the television screen.

Sir Anthony says that he will not do a sequel to *Silence of the Lambs*, so disturbed is he by the effects of film violence. It is a fine stand. But Sir Anthony should go ahead and keep his agent happy. The world will not be a more dangerous place if Dr Lecter reappears in our cinemas. And who knows, Sir Anthony might win another Oscar, and this time be rewarded with a peerage.

■ Rough Stuff, Page XI  
■ Dominic Lawson is editor of *The Spectator*.

Private View / Christian Tyler

## Nature ramble with Marx's gardener



Lidia van der Meer

THE GHOST of Karl Marx will be hovering over its tombstone in Highgate Cemetery tonight, the eve of the great philosopher's death 110 years ago.

It was a quirk of history that the bones of the father of world communism should come to rest not in the Kremlin wall but in a north London burial ground laid out by financial speculators and managed by a group of upper-middle-class English volunteer worthies.

Marx is buried in the later, east wing of the famous cemetery. Among his comrades are Chubb the locksmith, Lobb the bootmaker, Foyle the book-seller, Smith of Hovis, Crut of the dog show and Hutch the cabaret star. More congruently, there are Dr Daddo, first chairman of the African National Congress, and Claudia Jones, a black freedom fighter.

But Marx is old hat now, at least to the Friends of Highgate Cemetery who bought the place 17 years ago; they measure his value by the pounds they earn selling convenient miniatures of the famous, bearded head. So it was not to Marx's grave but through the heavy iron gates that protect the mysterious and beautiful west wing – John Betjeman called it "a Victorian Valhalla" – that the chairman of the Friends and guardian of the tombstones, Jean Pateman, conducted me last week.

Pateman is not the type to shiver at a *memento mori* nor be cowed by the presence of the dead. She is one of those brisk, bossy women of ringing accent and good family (the Ouseley-Smiths of Cheshire) who in England love to sit on committees, raise money and run things.

She talked about the cemetery rather as if showing off her own, rather overgrown, country-house garden ("don't walk on the vegetation if you don't mind") and with that English kind of pride which is full of superlatives but from which all sentiment has been carefully scrubbed.

"You know," she said, stopping to point out a stone angel weeping in the undergrowth "this is a team effort. I'm just the girl who's bullied and stirred things along and promoted and driven and survived and... it's a very big business now," she added triumphantly.

Pateman is a mild name-dropper – it is part of her job, after all – and it was occasionally hard to tell whether the names she dropped were of the living or the dead. She discussed her famous supporters and tenants in the same tone, as if discussing invitations to a dinner party. ("Christopher Fry, our nicest, gentlest VIP, lovely man, absolutely charming...")

How, I wondered, would Michael Faraday, the Sandemanian scientist, get on with Joseph Frost, the Muggletonian, although both are buried in Dissenters' Corner? William Jeakes, inventor of the hospital drying machine, would certainly have something in common with that Dr Lee who

decreed that hospital windows could be opened. The Rossettis and Galsworthys would hit it off, Tom Sayers, the prizefighter, could chat to George Wombwell, the menagerie owner, about his pet dog Lion and Wombwell's pet lion Nero. I should want to ask Sir James Tyler, of course. But do we dare put William Lillywhite, the round-arm bowler, next to Radcliffe Hall, the lesbian author – especially if we have to invite her friend Mabel Veronica Batten as well?

Burial appears to be coming back into vogue. I asked Pateman why.

"I believe there is an extraordinary psychological need that many people now feel to have something less austere and clinical and more in keeping with a proper ritual," she said.

Why do people choose to be buried rather than cremated? She sniffed. "Why do some people enjoy pancakes and others prefer fresh fruit?"

Highgate contains 51,600 graves and the bones or ashes of 165,800 people. The latest

which had given way to ash woodland was being cut to let in holly, yew and hawthorn, with plantings of lime, alder, hornbeam, willow and aspen, and oak to attract the insects: "About 286 different insects inhabit an oak, you know."

It is a place, she said, for "owl prowls and fungal forays" where arachnologists, herpetologists and lepidopterists flourish. There are foxes in the underbrush but the screaming peacocks disappeared some while ago, strangled, probably by the neighbours.

Its recent human visitors have included art students who came to draw the monuments, mausoleums and catacombs, a party of funeral directors from Belgium, restorers on their way to advise in Poland, landscape architects from Italy, Norway and Finland, social historians and film researchers. The Friends are squeamish about letting Highgate be used for horror films, but many TV documentaries have exploited its photographic atmosphere.

Conservation is a controversy.

*'I feel afflicted by a great sense of awe that, wherever we move, there is a great and profound distinction'*

arrival, she told me, was "a darling old boy of 94 who, for the last 17 years or so, always kissed my hand whenever we met: he was a colonel in the Polish air force."

The cemetery's popularity has soared, from 12 burials a year when the Friends took over to more than 80 a year. Space will have run out by the millennium and prices – £540 for cremated remains, or "cremains," £810 for a child's burial and between £2,200 and £6,850 for adults, according to the size of plot – will rise accordingly. You may not book in advance.

The Friends describe Highgate as a nature reserve in a burial ground, and it was plain that the living receive as much as attention as the dead. As we climbed one of the paths, my guide listed the ground-covering plants: wild garlic and Russian comfrey, periwinkle, lady's-mantle, wood-sage and dusky cranesbill, orange hawkweed, campion, Jacob's ladder and lungwort.

Above us, a sycamore forest

sial business. Here, the policy is to patch up rather than restore. Pateman explained as we circled the neo-Egyptian necropolis that crowns the cemetery. It is the "rule-of-thumb" technique. She began to elaborate, then broke off.

"That's Beatrice Potter's publisher through there, by the way."

When I mentioned the ivy draped in Gothic profusion over the monuments, it seemed to touch a raw nerve. "I'm not going to be drawn into the ivy debate," she said, firmly. "There are three factors: it is a unifying factor, it acts as a concealing agency, and it is a habitat for spiders. It harbours the birds, of course..."

And it looks nice?

"Exactly. And it is only damaging to the softer stones." Apart from anything else, it would take armies of people to remove it all and it would look perfectly horrifying.

She indicated another grieving angel, gleaming white. "The grave-owners came and gave it a jolly good cleaning."

"I mean, tucked away in the first person ever to use an anesthetic in this country – he was a dentist – several days before the great operation at University College Hospital."

Did he demonstrate on himself and pass away in the process? I asked, facetiously. Pateman's eyebrows rose until they hit the band of her home-made toque. She gave me an old-fashioned look: "No comment."

How would you like to end up, I asked her.

She laughed. "I should like to become a tree, I think."

Are you going to be buried?

"No, definitely not. Quite definitely not."

Why not?

"Because – and this is highly personal – I really feel that cremation is more hygienic and more appropriate and requires less space."

Isn't that odd after you've spent so many years and so much energy tending a graveyard?

"That's quite different," she said. "I was tipped in here because I happened to be serving on the environment committee of the Highgate Society. I came here very reluctantly."

Eventually, she admitted that she would not object if her "cremains" were deposited at Highgate.

What inscription would you have on your tombstone?

"The old girl worked here, or something like that, I should think," she laughed.

Myself, I guess they will do better for her than that.

## Out of the Getty, into the ghetto

Michael Thompson-Noel



I AM glad that Turner's *Van Tromp Going About to Please His Masters* is on its way from London to the Getty Museum in Malibu at a price of \$11m. Britain is up to its ears in Turners. We should chuck a few more out. Other stuff, too. We can hardly move in London for paintings, pots and rocks.

Part of the reason for my equanimity is my admiration for the Getty Museum. I was never a snob about it. I liked it at first sight. It opened in 1974. Joan Dillon called it "rather giddily splendid... a commemoration of high culture so immediately productive of crowds and jammed traffic that it can... be approached by appointment only."

It also seemed, she said, to stir up social discomforts at levels not easily plumbed. The museum was thought to be vulgar. At a lunch at the Getty Trust in Santa Monica, I sat next to one of the Getty scholars, a short-skirted professor of memorable loveliness who was happy to gossip. "It was kind of weird when it first opened," she said. "Here you were in this supposedly Roman villa gazing into room after

room of gorgeous French furniture. It seemed the tackiest idea, but not any more. Now it's OK, even studied and admired."

I tried to visit the museum the other morning, but it was closed because of a storm. Instead, I called at the Getty Trust to pick up its latest report, which covers the period to June 1990. It shows how the Getty Trust, which is run by John Paul Getty,

This has set me thinking about the habits of the rich. It does not surprise me that rich people collect art. It is often a form of aggression: a parading of competitive wealth and taste. Conspicuous consumption.

What does surprise, now that I think about it, is the way in which the rich, at death, entomb their pots and daubs in yet more museums instead of selling them so as to endow charitable trusts whose specified mission was to help combat the wretchedness in which the planet is plunged.

Take John Paul Getty. In 1982, after lengthy legal wrangling, the Getty Trust received \$1.2bn in assets from Getty's estate. The money grew and grew. By March 1986, when I met the trust's president, Harold M. Williams, the value of its endowment trust had reached \$2.8bn. Today it must be close to \$4bn. The money is managed by experts. Its minimum investment objective is a return of inflation-plus-5 per cent. In the years to 1989 and June 1990, these investment returns were 14.3 and 11.6 per cent respectively.

Result: the Getty is sucking up tons of art and stashing it in California. In the year to June 1990 the trust's total expenditure, including operating outlays of \$81m, was \$250m, of which \$140m was spent on "developing its collections." The trust is doing its job: doing what Getty wanted.

"The mission of the J. Paul Getty Museum is to inspire and educate the public by acquiring, conserving, studying, exhibiting and interpreting works

of art of the highest quality within (its) fields," says its director, John Walsh. It aims to provide visitors with "an experience that will make them want to return again and again." In this it is succeeding.

But what was Getty thinking of? If southern California has a surfeit of anything, it is a surfeit of fancy art. It is lousy with Old Masters. Why didn't Getty donate his money to a hands-on war on poverty?

For example, the Los Angeles school system was described recently by *The New York Times* as a stricken giant, hobbled by financial problems and hurtling from racial and ethnic strife. Many schoolchildren in Los Angeles, said the *Times*, are impoverished, illiterate immigrants who have never read a book or worn a pair of shoes and whose special needs are taxing the (mostly white) teaching corps. Why didn't Getty aim his billions directly at the ghettos?

Rich people are still drooling over private art collections. I think that they should stop it. If they cannot, they should stipulate, at their deaths, that their pots and pans, their Turners and Cranachs, be auctioned to help finance the war on want. Compared with that, nailing up *Van Tromp Going About to Please His Masters* in a gallery in Malibu is both provocative and decadent.

## The Mercury Blue Chip PEP.

Performance power, free of all tax

All too often, the tax-free advantages of PEPs are eliminated by poor performance of the underlying investment.

However, the Mercury Blue Chip PEP invests in a Fund with an outstanding performance record - Mercury British Blue Chip Fund. It aims for maximum long-term capital growth through investment in a carefully selected portfolio of Britain's leading companies.

**+88.2% OVER FIVE YEARS\***

unit trusts over 3.4 and 5 years and since

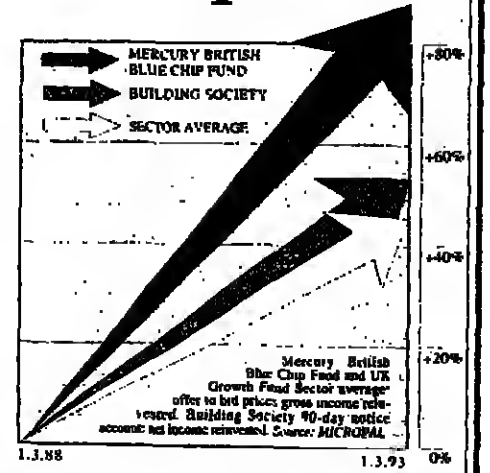
**A FREE RETURN TRIP TO PARIS**

...Amsterdam, Brussels or Jersey. Take out a full \$6,000 Mercury PEP and you'll get a free return trip to Paris. Enough for a free British Airways scheduled return flight to any of these destinations from almost anywhere in Britain. Or use them to build up your entitlement to long distance travel.

**MERCURY**  
BRITAIN'S LEADING INVESTMENT HOUSE

Past performance is no guarantee of the future. The value of investments and the income from them can go down as well as up and you may not get back the amount you invest. Remember that the tax treatment of PEPs may be changed by future legislation.

\*After tax and charges payable on withdrawal. See Mercury PEP for details.



its launch in May 1987. Had you been able to invest £6,000 in the Fund via a PEP five years ago, this would now be worth £11,292 - an increase of 88.2%.

**THE TIME IS RIGHT**  
With the first signs of an economic recovery in evidence, we firmly believe that now is an excellent time to invest.

**1% DISCOUNT OFFER**  
Lump sum investors in the 1992/93 Mercury Blue Chip PEP will receive a 1% discount on the initial charge. Call us free or return the coupon below.

**FREEPHONE 0800 44 55 22**

To: Mercury Asset Management plc  
FREEPOST London EC4B 4DQ  
Please send me details of the Mercury Blue Chip PEP.

Mercury Asset Management

Surname.....  
Mr/Ms/Miss/Ms(Initials).....  
Address.....  
Postcode.....

Don't forget to fill in the coupon below and return it to Mercury Asset Management plc, FREEPOST London EC4B 4DQ. We will not disclose your details, except Mercury and its related companies. You may be added to a mailing list for our products. If you do not wish to be added to such a list, please tick the box.